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ABSTRACT

This document records testimony on youth employment and welfare reform jobs given before a U.S. Senate subcommittee in March, 1980. The testimony concerns the Carter Administration's proposed legislation for youth employment programs for Fiscal Years 1981-82. Issues raised include funding: effectiveness of current programs, such as the Comprehensive Employment and Training Act (CETA) programs and supported work programs: Private Industry Councils: the need for better linkages between the educational system and Labor Department employment programs: and the education-work relationship. Witnesses included Secretary of Labor Ray Marshall and representatives of state, county, and local governments, community-based organizations, vocational and educational agencies, employment and training institutions, and business and labor groups. (KC)

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YOUTH EMPLOYMENT AND WELFARE REFORM JOBS, 1980

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT, POVERTY,
AND MIGRATORY LABOR

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

EXAMINATION ON LEGISLATIVE PROPOSALS RELATING TO
YOUTH EMPLOYMENT AND THE ADMINISTRATION'S WELFARE
REFORM JOBS BILL

MARCH 5, 6, 12, AND 13, 1980

U S DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

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YOUTH EMPLOYMENT AND WELFARE REFORM JOBS, 1980

WEDNESDAY, MARCH 5, 1980

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, POVERTY,
AND MIGRATORY LABOR,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to notice, in room 4232, Dirksen Senate Office Building, commencing at 9:34 a.m., Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senators Williams, Nelson, Javits, and Metzenbaum.

OPENING STATEMENT OF SENATOR NELSON

Senator NELSON. The Senate Subcommittee on Employment, Poverty, and Migratory Labor today begins 4 days of hearings on legislative proposals relating to youth employment and the administration's welfare reform jobs bill.

The subcommittee is pleased to have Secretary of Labor Ray Marshall as the leadoff witness at this set of hearings. A number of witnesses representing State, county and local governments, community-based organizations, vocational and educational agencies, employment and training institutions, and business and labor groups will also present testimony to the subcommittee.

However, before Secretary Marshall begins, I would like to make a brief opening statement.

During the past 3 years, the Congress has worked cooperatively and diligently with the Carter administration, and particularly with the Department of Labor, to develop a wide variety of employment and training programs to serve economically disadvantaged youth. In 1977, Congress enacted the Youth Employment and Demonstration Projects Act as a 3-year experimental program aimed at testing out various approaches to transitioning young people from school to work.

At the end of this fiscal year, that legislation expires. Therefore, Congress must decide what program or series of youth employment programs to reauthorize for future years, the length of the reauthorization, and the levels of spending for the programs.

On January 10, President Carter announced a major new education, training and employment program for youth. At that time the President stated that the youth program was his administration's "major domestic initiative for 1981." When fully implemented in 1982, the President's youth initiative, together with current youth programs, will provide almost $6 billion for basic education, work

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experience, and training for over 2.3 million young people. The total $6 billion program represents a $2 billion increase over the $4 billion that will be spent on education, training and employment programs for youth by the Department of Labor during this fiscal year.

The current $4 billion of youth employment programs breaks down as follows: $826 million will be spent on the YEDPA demonstration programs; $1.3 billion will be spent on the Job Corps ($416 million), summer employment ($609 million), and the Young Adult Conservation Corps ($250 million) and an additional $2 billion will be spent on young people who participate in the public service employment program funded under title II-D and title VI of CETA and under the title II-A, B and C programs that provide for on-the-job training, work experience, institutional training, and other services needed to enable persons to obtain unsubsidized employment.

All of these programs and all of this spending are directed at one of the most serious and pervasive problems confronting our society; namely, excessive youth unemployment. Over the years I have been fully supportive of the efforts to develop programs to serve disadvantaged youth, and this year I certainly intend to work with the administration to shape and develop an effective youth employment program. And, of course, I continue to support this objective.

However, in view of the events of the past few weeks, it is my judgment that any new youth employment initiative will have to be launched without new and additional commitments of Federal funds next year and for the forseeable future.

Right now, every key economic indicator—the inflation rate, the prime interest rate, the balance of trade, productivity growth and unemployment—shows our economy to be in great peril. Yesterday, leading banks raised the prime interest rate to an astounding 17¼ percent, an all-time record level. It is predicted to go even higher in the next few days, and there have been numerous reports that President Carter will propose credit controls to get inflation under control.

The newspapers also have reported that the administration is looking for ways to further reduce the fiscal 1981 budget. In the employment area, Monday's Wall Street Journal reported that Labor Department programs could provide at least 15 percent, or $1.5 billion, of an overall $10 billion reduction. Last night's Washington Star reported that among the options being considered by the administration for reductions in 1981 were reducing the number of public service jobs for unemployed workers from 450,000 to 380,000, cutting the summer jobs program by half to 500,000 jobs, and eliminating the Young Adult Conservation Corps which is projected to provide over 20,000 jobs for youth next year.

There is no more worthy or important objective than helping economically-disadvantaged youth with education, employment and training. But unless we can get inflation under control, there will be no jobs available for young people.

Federal spending, in my judgment, must be reduced. We have no choice. The reduction of spending will be an important part of the solution to our economic problems. Therefore, it would be inappropriate, especially in view of the reductions that will likely occur in other popular and worthwhile programs, to undertake massive new commitments to spending Federal resources when just the opposite is necessary.

I believe the action that should be taken at this time on the youth employment initiatives proposed by the administration and by other Members of the Senate is to have the subcommittee develop and authorize the best possible array of youth programs to serve this Nation's most disadvantaged population, but to specify that we are not committing the Federal Government to spend any additional dollars beyond current levels for youth employment and education programs in 1981. When the economy improves, and if additional resources should become available, then we can determine whether it would be appropriate to expend additional money on youth employment and education programs.

In this way this subcommittee and the full Committee on Labor and Human Resources, and the full Senate, can send a clear message that we are serious about controlling inflation while remaining fully cognizant of the problems confronting youth in American society.

I would hope, Mr. Secretary, that you will address the issues I have raised here, plus the question of how you cut back on CETA employment and how you balance off, if that is to be the fact, a reduction in the summer youth jobs which I think over the years have been very useful and very valuable, and substitute an increase of some $2 billion for a new initiatives program.

At this point in the record we will insert the opening statement of Senator Williams.

OPENING STATEMENT OF SENATOR HARRISON A. WILLIAMS, JR.

Senator WILLIAMS. Mr. Chairman, I join you and the Members of the Subcommittee in welcoming Secretary Marshall to these chambers once again.

We are always pleased to have you with us, Mr. Secretary.

I share the view of others that we are meeting at a difficult time.

Under other circumstances, this might have been an exhilarating point of departure.

We have before us the President's proposal for a broad and promising initiative against joblessness among our youth—we will introduce the bill itself later today.

We also have before us the President's proposal for a program of jobs and training for welfare recipients and other low-income household heads.

Both of these proposals—particularly the elements that would modify CETA—are carefully crafted and worthy of serious and deliberate consideration by the Committee and the Congress.

You have every right to be proud of them, Mr. Secretary.

But this is our problem: with new budget cuts in existing programs, how can we go ahead with new programs without robbing Peter to pay Paul?

One answer, of course, is that existing programs often can stand revision—to streamline them and tailor them to emerging needs.

I think this is the case with the youth employment authorities in title IV of CETA.

These authorities expire at the end of the current fiscal year—we have learned a great deal with them about the nature and extent of youth unemployment—so this is a good time to considering revision.

Another answer lies in the fact that we are an authorizing Committee and this is authorizing legislation, with no provisions at this point for direct entitlements.

As such, their implementation depends upon enactment of appropriations.

This is certainly the case with the welfare jobs legislation. From the beginning, the target date for funding and implementing these programs has been fiscal year 1982.

Perhaps that date will have to be delayed further, but a case can be made for pressing ahead with enactment of the authorizing legislation, if the Congress is willing.

As always, I rely on the keen judgment of the Senator from Wisconsin as to what is feasible so far as passage of employment and training legislation is concerned.

A final answer to our dilemma is that we don't have to be embarassed about asking for reasonable levels of funding for programs of high national priority and great human need.

We are all deeply concerned about the tragic consequences of inflation.

We are all aghast at a prime interest rate that exceeds 17 percent.

We recognize that fiscal austerity, leading to a balanced Federal budget, would help to break the inflationary psychology—the fatalism about inflation—that grips the economy.

But we also recognize that we are on the verge of a recession without a very good idea about how damaging it might be.

And in these circumstances, it is a dubious proposition at best that budget balance should be achieved at the expense of education, training, health, and social services programs which directly affect the ability of individuals to get and hold a job, to improve their productivity, and to expand their capacity for self-reliance.

I will be interested in your own thoughts in this regard, Mr. Secretary.

So, subject to the judgment of the Senator from Wisconsin as to how far we can move with these initiatives, I think we should go ahead, and I am greatful personally to him for his commitment of time, effort, and leadership in these endeavors.

Senator NELSON. Senator Javits?

Senator JAVITS. Thank you very much, Mr. Chairman.

Mr. Secretary, on a personal note—and I express my pleasure at your being here this morning on so critical a subject—I beg you to excuse me for about 20 minutes so I can keep another appointment. I will be back.

Mr. Secretary, I have heard the injunction given you by the chairman on the budget question. The fact is, this is the only new initiative in the whole of the President's budget. Secondly, the budget takes account of material inflation in this country, something in the area of 14 percent, and it looks like it's 18 now. And third, that public order is certainly as important as inflation.

Now, we have to have an eye to those additional considerations, as well as strictly money equations, as we go through this.

I hope very much, with the chairman, that we can hold the line, but the inflation factor is a very serious question on holding the line, because you will cut this whole program 14 percent if you stay where you were in 1979. They're not doing that with anything else.

Personally, I believe that the only way to deal with balancing the budget is an across-the-board cut, and that if we start to cut youth and cut health and education, and they suffer, it's completely out of proportion, because that's the record, unfortunately, of the Congress. If we cut across-the-board, everybody has got to take their lumps. That's what I'm going to fight for.

Now, as to your programs, may I say this: I think there's a great identity between your program and the administration's, which is being introduced by Senator Williams, and the program which I myself have introduced. I think the big difference—and I hope you will zero in on this difference, very seriously—is the question of the 22 percent set-aside which relates to the link between education and work, especially in the CETA program. That was a program of Hubert Humphrey's and my own, with which our chairman was very sympathetic and greatly facilitated, and I am very grateful to him.

But I think for me, the burden of proof is going to be on the administration to prove to us, or to prove at least to one Senator—to wit, myself—that we're not going to cheat the program by dispensing with a set-aside in order to build some power base, whether it's in your department or in any other. I really think the burden of proof is on the administration. Just like the administration is for block grants, for that reason, as against a particularized grant. The burden of proof has always been to show that the function will not be cheated but, on the contrary, advanced.

I go with the chairman on the proposition that money is the major consideration and that we have got to substitute brains, to sacrifice, and to dispense with the frills in order to meet our national responsibilities, which is to hold the budget line. I will vote that way. As I have just indicated, I have never voted for an across-the-board cut in my whole public life, but I'm going to now because I think it's the only way to do it in order to keep a fair balance between human needs and security and economic needs.

Lastly, Mr. Secretary—and again, we have an unusual chairman in this regard—we have had great success in a tripartite approach, of House, Senate and administration, in trying to fashion a bill. I hope very much that's exactly what's going to happen here. We cannot afford in this particular field to hang anything up by some long struggle. I hope again we will reason together and everybody will yield what he may consider is unyieldable, or she, and get together. It's the only way to do it, and that's the most patriotic of any. I hope we will all think that way.

Thank you so much, Mr. Chairman.

[The prepared statement of Senator Javits follows:]

PREPARED STATEMENT OF SENATOR JAVITS

Mr. Chairman, I am pleased to welcome Labor Secretary Ray Marshall and our other distinguished witnesses—Dr. Eli Ginsburg of Columbia University, Chairman of the National Commission for Employment Policy, Dr. Sar Levitan, who is Director of the Center for Manpower Policy Studies at George Washington University, and former Secretary of Labor Willard Wirtz, of the National Manpower Institute. We are beginning four days of hearings on youth employment legislation and the Jobs Training Component of the Admininstration's Welfare Reform proposal, two critical areas for public policy.

The country and the Senate should be very anxious to have the benefit of the testimony during these hearings on remedying the shocking problem of youth unemployment in our country and on affording household heads of public assistance recipients the means of escaping out of the syndrome of welfare dependency through the opportunity for employment and training.

The scourge of youth unemployment continues to be in my judgment an economic and social calamity in our country. The officially recorded unemployment statistics, which most observers agree grossly understate the magnitude of the problem, are themselves so astonishing as to strain credulity. Unemployment among youth between the ages of 16 and 21 is estimated officially at more than twice the national average, 14 percent, and according to a recent report by Ohio State University, could actually be closer to 20 percent. For black youth aged 16 to 21, unemployment is recorded officially at 30 percent, but Ohio State reports black youth unemployment is actually closer to 40 percent in the United States. And for young blacks who are enrolled in school and who are looking for work the new data indicate that unemployment could be as high as 55 percent.

Mr. Chairman, even these shocking statistics could be on the conservative side. In many of the inner cities of our country, such as in the South Bronx in my own City of New York, youth unemployment easily approaches 50 percent.

I shudder to think what could happen in our cities this year if the long expected 1980 recession materializes in full force. A severe economic downturn, which would strike the older less resilient cities the hardest, could wipe out even the scarce job opportunities that remain for poor and minority youth, and deny them any reasonable chance of breaking out of poverty any time soon.

Mr. Chairman, a number of bills have or will soon be introduced in the Senate to remedy the problem of widespread youth idleness. Bills have been introduced by Senators Metzenbaum, Kennedy, Hatch and myself (S. 2218). And I understand the President's own proposal, the Youth Act of 1980, a two title bill, has or will be introduced very shortly by Senator Williams, the Chairman of our Committee.

As in 1977, when the underlying legislation was first enacted—the Youth Employment and Demonstration Projects Act, Public Law 95-93—we will no doubt have a number of bills before us. I have looked at the various proposals that have been introduced and I have seen nothing in any of these bills that cannot be cranked into the final version that is reported from the Committee. I have every expectation that we will have the best thinking of the Administration and the Congress before us embodied in the various measures that have been submitted and referred, and we will draw from them the elements that will comprise what will no doubt be an amalgam of the various approaches.

One thing can be ascertained at this time and that is that we share a common purpose: The statement of purpose of the Administration's bill is very similar to my own and to that of other bills that have been introduced and I would like to read from it to indicate the commonality which we share as we embark upon consideration of this vital domestic initiative. Sec. 102 of the draft of the Administration bill reads as follows: "It is the purpose of this Title, in coordination with the Youth Education and Training Act set forth in Title II of this Act, to increase the future employability of youths most in need by increasing their basic educational competency in work-place skills through a carefully structured combination of education, training, work experience, and related services. This Title is designed to help achieve these objectives through providing the optimum mix of services focused upon disadvantaged youths. Additional purposes of this Title include improving local accountability for program performance, simplifying reporting, increasing local decision-making on the mix and design of programs, providing extra resources for distressed areas, providing incentives for promoting special purposes of national concern, improving access by youths to private sector employment, assisting and improving staff and program capacity for those who provide the services, and providing trust-worthy job references for participants."

So it is clear, Mr. Chairman, that the purposes embodied in the Administration's bill are similar to the purposes that have been included in the other measures that have been submitted. In my own bill, S. 2218, I have focused upon the following five purposes:

(1) that youth employment and training programs operated under CETA should concentrate upon employability development and remedial education and training as opposed to work experience;

(2) that legislation should encourage, to the extent feasible, community collaboration among the various deliverers of services, including community based organizations, so that we can harmonize the mix of services for idle youths;

(3) that we must endeavor to promote a strengthening of the linkages between the schools and CETA at the local level so that inschool youth would have the opportunities to be exposed to employment and training services;

(4) that me must try to provide somewhat greater concentration of federal resources on areas with the highest unemployment among youths; this will be very important in the present enviroment of budget restraint;

(5) that we should seek to bring about some consolidation of the existing youth programs in order to facilitate easier implementation and administration at the local level.

In short, Mr. Chairman, I believe we already have a consensus in this Committee on the objectives of the legislation that will be before us. We may disagree on the approaches that should be taken to reach those objectives but in essence there is consensus, in my judgment, on the objectives—and this is the critical point as far as I am concerned. We will work out the differences; as I say there is nothing in any of the bills that have been introduced so far that cannot be accommodated to some degree in the final product of this committee. As in 1977, we are eager on our side to work with the Administration in the development of an acceptable bill. I am hopeful that can be accomplished and I welcome this initiative from the Administration.

Senator **Nelson**. Thank you, Senator Javits.

Mr. Secretary, the committee is very pleased to have you here today. Your statement will be printed in full in the record and you may present it however you desire.

STATEMENT OF HON. RAY MARSHALL, SECRETARY OF LABOR, ACCOMPANIED BY JODIE ALLEN, DEPUTY ASSISTANT SECRETARY, POLICY EVALUATION AND RESEARCH; CHARLES KNAPP, DEPUTY ASSISTANT SECRETARY, EMPLOYMENT TRAINING ADMINISTRATION; RICHARD JOHNSON, ACTING ADMINISTRATOR, OFFICE OF POLICY EVALUATION AND RESEARCH; AND ROBERT SCHWARTZ, ASSISTANT DIRECTOR, NATIONAL INSTITUTE OF EDUCATION

Secretary **Marshall**. Thank you, Mr. Chairman, and Senator Javits.

What I would like to do, Mr. Chairman, with your permission, is to summarize both of the statements, one dealing with the new Youth Training and Employment Act, which is the Labor Department's portion of the new youth education and training legislation, and the work and training opportunities program, the jobs part of the administration's welfare reform proposals.

Mr Chairman, I am accompanied today by Jodie Allen, on my immediate left, who is Deputy Assistant Secretary for Policy Evaluation and Research in the Department; Dr. Chuck Knapp, on my immediate right, Deputy Assistant Secretary for Employment and Training; Dick Johnson, the Acting Administrator of the Office of Policy Evaluation and Research in ETA, on Ms. Allen's left; and Bob Schwartz, the Assistant Director of the National Institute of Education, on Dr. Knapp's right.

I would like to briefly summarize my statements, Mr. Chairman, and then permit as much time as possible for questioning.

As you have said, this is a very important problem, youth employment and unemployment. There are too many young people in our country who cannot find jobs, who cannot hold jobs, who cannot progress toward a life of productive contribution and economic independence. This is a major failure of our society, and it's a major failure of democratic industrial societies all over the world, one that most of those countries consider to be one of their gravest internal domestic problems.

That is one of the reasons that, from the start of this administration, President Carter, Vice President Mondale, and I have been personally committed to correcting that failure. We have already come a substantial way. Our 1980 expenditures for youth training and employment programs are $1.6 billion over the 1977 level. This investment has played a major role in stopping the trend which had existed toward increasing unemployment and underemployment among our disadvantaged youth. But there is still much to be done if we are to consolidate our gains and continue to work on this important problem.

This new bill is designed for the dual purposes of continuing the most promising elements of youth programs expiring in 1980, and of applying the knowledge we have developed about what works best for whom in youth employment and employability development.

The goal of the Youth Training and Employment Act, in coordination with the Department of Education's Youth Education and Training Act, is to increase the future employability of disadvantaged youth through a carefully-structured combination of education, training, work experience, and related services.

This new bill is designed to address the needs of youths at different ages and stages of development, with a variety of strategies and services that aim to move youths into long-term productivity; to establish locally developed achievement benchmarks for both program providers and program participants; to consolidate local programs and increase local decisionmaking on the mix and design of programs; to redirect present youth unemployment programs toward intensive services for out-of-school youth, and provide through the Department of Education for the basic educational needs of in-school youth; to improve accountability for program performance and simplify reporting; to provide extra resources to distressed areas; to provide incentives for promoting special national purposes; to promote linkages between CETA prime sponsors and educational agencies and institutions; to improve access by youth to private sector employment; and to improve staff and program capability.

When fully implemented in 1982, we estimate that the Labor portion of the program would provide services to over 1.1 million young people an increase of more than 450,000 over current program service levels.

Senator **Nelson**. What are those figures again?

Secretary **Marshall**. The Labor portion will provide services to over 1.1 million young people.

Senator **Nelson**. This is the new initiative, the new program you're talking about?

Secretary **Marshall**. Yes; it is.

Senator **Nelson**. That is 1.1 million young people?

Secretary **Marshall**. It is.

Senator **Nelson**. That is in addition to all current programs in——

Secretary **Marshall**. No; the addition is 450,000. Right now in Labor Department programs we have approximately 2 million young people involved in all of our youth participation programs including about 650,000 in the title IV youth programs. This would add another 450,000 to the title IV programs to bring them to a level of about 1.1 million.

Senator **Nelson**. Net?

Secretary **Marshall**. Net, yes, sir.

Senator **Nelson**. So what you're saying is that the total number of young people in all of the department's youth employment programs, including job training, Job Corps, the summer youth program and this new initiative will be 2.4 million?

Secretary **Marshall**. It will be about 2.5 million.

Senator **Nelson**. Of which there will be a net increase over current programs of——

Secretary **Marshall**. Of about half, the 450,000.

Senator **Nelson**. Current programs are costing about $4 billion, is that correct?

Secretary **Marshall**. Yes.

Senator **Nelson**. And what will be the total cost then if this program were added?

Secretary **Marshall**. The total cost when fully implemented in 1982? I might enlarge on that. We're asking for 300,000 in 1981. For the Labor Department's part, it would be about $1 billion when fully implemented in 1982, so that we're not asking for very much in either the Department of Education or the Department of Labor budgets during fiscal 1981.

Senator **Nelson**. But you're asking for a net increase in youth programs of $1 billion?

Secretary **Marshall**. For the Labor Department, and about $1 billion, when fully implemented in 1982, for the Department of Education.

Senator **Nelson**. So it's a total $2 billion increase?

Secretary **Marshall**. Yes.

Senator **Nelson**. And that will bring all youth programs to $6 billion in round numbers?

Secretary **Marshall**. In round numbers; yes.

Senator **Nelson**. And the $450,000 figure applies to all——

Secretary **Marshall**. No; that applies to the Labor Department's part and not to the Department of Education's part.

Senator **Nelson**. The Education Department figure will be how much?

Secretary **Marshall**. $1 million.

Senator **Nelson**. So you're talking about a new increase of $1.4 million?

Secretary **Marshall**. $1,450 million.

Senator **Nelson**. And a total cost in both Education and Labor of an additional $2 billion?

Secretary **Marshall**. An additional $2 billion, that's right.

Senator **Metzenbaum**. Mr. Chairman, may I interject for a minute?

Senator **Nelson**. Yes.

Senator METZENBAUM. Mr. Secretary, isn't it a $2 billion increase in authorization, with only an actual $250 million increase in outlays?

Secretary MARSHALL. Let me have Ms. Allen give you the exact figures for outlays and authorization.

Ms. ALLEN. For 1981, we are requesting an additional $300 million in budget authority for the Department of Labor. We estimate we would only outlay $100 million of that amount.

Senator METZENBAUM. That's for 1981?

Ms. ALLEN. Yes. In 1981, for the Department of Education, we are requesting an additional $900 million in budget authority, but estimating that only $50 million of that would be expended because of forward funding.

Senator METZENBAUM. So what you're really saying is in 1981 there will only be an additional $150 million, although on paper it will appear to be $1.2 billion?

Ms. ALLEN. That's correct, Senator.

Senator METZENBAUM. Isn't that less than that total commitment that we have been talking about, or the President has been talking about, to youth unemployment? Because certainly $150 million in outlays, which is really the critical figure, not what's authorized—that's the rhetoric—but the reality is only an increase of $150 million. Isn't that but a drop in the bucket?

Ms. ALLEN. In the following year, fiscal 1982, that would be the first full year of implementation for both components. The Department of Education will receive forward funding, so they will receive $900 million in budget authority in 1981, most of which will not be outlayed until 1982.

In 1982 we would seek the full $2 billion increment, $1 billion for the Department of Education and $1 billion for the Department of Labor. 1981 is a transition year, in which both programs would be building up.

Senator NELSON. Are you seeking the full appropriation for 1981?

Ms. ALLEN. On the Education side we are seeking the full appropriation of $900 million because of the traditional forward funding of education programs. Because it will be forward funded, we will request $900 million in budget authority, but estimate that the actual outlays would only be $50 million for planning purposes, because the program will not actually become operational until 1982.

On the Labor Department side, we don't receive forward funding. We would be requesting $300 million in budget authority, but we estimate we would only outlay $100 million of the $300 million in fiscal 1981 and would carry over the remaining $200 million to continue the program build up in 1982. We would then be requesting additional budget authority in 1982.

Senator METZENBAUM. And how much of that would be cut back under the proposed budget cuts that we've been reading newspaper accounts of?

Secretary MARSHALL. None. We don't plan to cut back any of the new youth initiative—We don't know how much is going to be cut because no decisions have been made. Whether there will be cuts, or which programs, or what the magnitudes will be, the only thing that is happening so far is the exploration of options.

But in that exploration, the new youth program will not be cut.

Senator **Nelson**. The which program?

Secretary **Marshall**. The youth proposal.

Senator **Nelson**. None of the youth——

Secretary **Marshall**. None of our proposed new youth programs.

Senator **Metzenbaum**. But how about some that are presently existing? For example, newspaper accounts have reported that there's a possibility the summer program will be reduced by 50 percent, and that the Young Adult Conservation Corps will be completely eliminated.

Secretary **Marshall**. They're not a part of the youth initiative.

Senator **Metzenbaum**. Wait a minute. They may not be a part of the youth initiative, but they affect young people.

Secretary **Marshall**. That's right. And there is some possibility that if the budget does get cut, that those programs could be cut. But no decision has been made on that.

Senator **Metzenbaum**. And that would be for 1981?

Secretary **Marshall**. For 1981; yes.

Senator **Metzenbaum**. Then is it true, Mr. Secretary, that if the summer program and/or the Young Adult Conservation Corps programs are substantially cut, that although we have been talking about a strong commitment to our unemployed young people, the fact is that in fiscal year 1981 it is entirely likely that there may be less funding available than there presently is at this moment?

Secretary **Marshall**. That's likely, but I think if programs are cut, what we will try to do is cut those that are least targeted, like the Young Adult Conservation Corps, which has only about half disadvantaged young people involved in it, and is a very expensive program. We can do a lot more for young people through the Job Corps, which will not be cut and through our other youth programs, than we can through the Young Adult Conservation Corps, for example.

But as I say, no decision has been made about that, and I think it would be premature for me to say what the outcome is likely to be.

Senator **Metzenbaum**. The summer program very much is a youth program.

Secretary **Marshall**. Yes, and we have been working to strengthen that program. But what we have also tried to do is to have a much larger year-round program. The summer program has been very difficult to administer, and we are trying to go increasingly to year-round programs for young people, rather than having simply a summer youth program. It is very hard to start those programs up and to give much training in just the summertime. So the initiatives that we propose here, and the initiatives that we started in the Youth Employment and Demonstration Project Act have greatly increased the participation of young people in the programs, and I think can do a lot more to make it possible for them to get permanently into the work force than the summer youth programs.

Senator **Metzenbaum**. Mr. Secretary, as I understand the answers to the last group of questions, it would appear that until July 1981, or until September 1981, which is better than a year and a half from now, there will actually, in all probability, be a cutback in funding for youth employment as far as outlays are concerned, rather than any full commitment to taking 40 percent of the young black people, young minorities, off the streets, and 15 to 20 percent of young people generally off the streets.

Is that correct, that we've got at least a year and a half lag before we see any movement forward, that during this period there will actually be some retrogressive steps taken?

Secretary **Marshall**. Well, as I say, I don't know what the outcome of this is likely to be. Obviously, if you did cut these current programs and did not go forward with the $300 million that we're asking for the new youth program, there would be some cuts. But that has not been determined.

Senator **Metzenbaum**. Let me ask another question.

You're also talking about doing more for young people, and how many more people are going to be involved, in response to the chairman's inquiry. Explain to me how you're doing more for youth with this proposal, while the total number of service years will actually decline in 1981. It appears to me that you're going to serve more youth but provide less service, or to spread out the money to more people, but actually the bottom line is not going to be that meaningful.

You have already said that some of these programs don't work and you really want to make it a meaningful experience so that it really has some impact on long-term unemployment of these young people.

Now, am I correct, that the total number of service years will decline in 1981?

Secretary **Marshall**. Well, if we do not cut the existing programs, there will be no decline in service years. Let me let Ms. Allen give you the exact numbers on that.

Ms. **Allen**. Senator, if we assume there are no reductions in existing programs, such as summer youth or——

Senator **Metzenbaum**. Which is quite an assumption to make.

Ms. **Allen**. Well, at least with respect to the programs covered by the new initiative, which essentially replaces the current YETP, YIEEP, and the YCCIP program. Those programs are projected to have a modest increase in service year levels in fiscal year 1981 associated with the additional $100 million in outlays that we project. Since the amount is not large, the increase will be modest. But we do project that there would be an increase of about 6,800 service years, which would translate into an additional 156,000 persons served.

Senator **Metzenbaum**. You're saying there would be 166,000 more people served?

Ms. **Allen**. That 156,000 more people would be served.

Senator **Metzenbaum**. And what about the service year comparison?

Ms. **Allen**. About 6,800 additional service years. That is full-time equivalent service years. Since many of the slots we would create are parttime, and since there is turnover in the slots during the year among participants, you can serve almost two times as many people as you have full-time equivalent service years.

Senator **Metzenbaum**. It's 6,800 more service years?

Ms. **Allen**. That's correct, Senator.

Senator **Metzenbaum**. What does that amount to in people?

Ms. **Allen**. It's 156,000 people.

On March 10, DOL issued a recalculation of the estimated service years associated with the proposed youth initiative. These estimates differ from those quoted on March 5 because they exclude the number of service years attributable to YIEPP for purposes of comparability with the new youth initiative. The revised estimates of service years project an increase of 40,000 in fiscal year 1981 which would mean an increase of 217,000 persons served. The increases for 1982, when the program is fully implemented, are expected to be 133,000 service years or an additional 516,000 persons served.

Senator **Metzenbaum**. Let me just say, Mr. Secretary, that I have tremendous respect for you as the Secretary of Labor, and I have great respect for our President, and I was one of those who applauded enthusiastically when he talked about our commitment to our young people and that that would be one exception in the budget.

I am frank to say to you that both the rumor mill, the media, and the facts of this proposal, leave the issue quite wanting as I see it, because at the very best, at the very, very best, if we don't make any cutbacks in the Young Adult Conservation Corps or we don't make any cuts in the summer youth program, at the very best we're talking about having some impact almost 18 months from now. I think the challenges call for much more urgent measures than that, and in much greater dimensions.

I don't think the budget and the current proposals measure up to that which the American people were led to believe by our President. I would hope the administration would see fit, with all this budget cutting that is being talked about, to actually go back and take another look at this. I think it's too little, and far too late.

Secretary **Marshall**. Well, let me say, Senator, that I do believe that we have made a major commitment, that this administration increased spending for youth by $1.6 billion, and we increased spending for the disadvantaged in our employment training programs, from $2.2 billion in 1976, when we came in, to about $9 billion now. Much of that was achieved through greater targeting of our programs. There are about 2 million young people who now participate in these DOL programs, and by the time we get this program fully implemented, it will be 2.5 million young people approximately which will be about half of the target population that we're trying to serve. That is a very high penetration in that population.

I don't know of any program that I have been associated with—and I started studying these programs back in the 1950's and 1960's—that will serve as many of the young people as this one will.

Now, what we have tried to do—I think it's important to keep the whole thing in perspective, that when we came in, we passed the first comprehensive youth program in the history of the country with the help of the Congress. Then that caused a significant increase in participation in the program. In fact, almost all of the gains in black teenage employment in the United States have been in our program since we got started. It was the first time during the decade of the 1970's that black male teenage employment increased at all. So we were able to reverse the trend.

Now, simultaneously, what we tried to do initially was to take those programs with demonstrated effectiveness and expand them as fast as we could. The Job Corps, for example, is one of the best programs we have for serving severely disadvantaged young people.

We are in the process of doubling the size of the Job Corps because of that. In some other areas we weren't sure what worked and what kinds of things we could do. We therefore called that act in 1977 the Youth Employment and Demonstration Project Act, and we have learned a lot from that. So what we are proposing here is that we build on what we have learned, that we add $2 billion to a $4 billion program, which is not insignificant.

In fact, I hope that you and your colleagues can get us at least that much, because the concern I have is that we might not even be able to get that amount for this very important program. That's the reason we proceed very cautiously, to try to build on the knowledge base that we put together from the Youth Employment and Demonstration Projects Act.

We found that there were a number of problems in making it possible for the most disadvantaged young people to participate, and that is what we intend to target our resources on.

It's not the whole youth universe, because there are a lot of young people who will not need help in getting into the mainstream of the American economy, but there is a group of people who are severely disadvantaged who will need that help. If we can concentrate these resources on their problems, we think we can make a significant impact with this program on the solution to that problem.

Now, the kinds of things that we learned, that we are trying to build with this program, are not all things that necessarily require more money. There are things that require program redesign. We learned, for example, that one of the real obstacles in getting young people into the work force was basic education. Many young people had come through the schools who were not functionally literate. So part of what we propose to do here is to correct that, to see to it that that becomes a component of the youth effort.

We also learned from employers that too many of our programs were unstructured, without any success criteria or performance standards, and therefore it was difficult to know—when people got out of the program, what they had learned and what they were prepared to do. So a second part of what we propose is to correct that by having benchmarks clearly defined so that young people can get tested on those aspects of the program and when they came out would know—and the employers would know—what they had learned.

Another feature that we think is very important is the need to improve the linkages between this program and other programs which have sizable amounts of money in them already. Through that linkage process—for example, we can leverage the education system, which has a lot of money in it. We think the linkages between public employment training systems, the private sector, and the school system needs to be improved, and by using these funds we can leverage much larger funds at the State and local level, as well as in other Federal programs. The whole package we're putting together, therefore, can have a significant impact on the employment problems of the young who are seriously disadvantaged.

Senator **Metzenbaum**. Thank you, Mr. Marshall.

Thank you, Mr. Chairman.

Senator **Nelson**. Just one more question to pursue the point raised by Senator Metzenbaum. I realize that no decisions have been made, or apparently have not been made on cuts in the President's budget. But in any event, the speculation is that if there is to be a significant cut that some of it is going to have to come from CETA programs——

Secretary **Marshall**. That's right.

Senator **Nelson**. I would think there would be no avoiding that, as a matter of fact. If there was to be a $10 billion cut, some of that would have to come from CETA.

I'm assuming then from what you say, that your posture would be that cuts would not come specifically from youth-targeted programs, but from public service employment. But one out of three of those jobs, I believe, is still a youth job. So if you cut $1 billion or $1½ billion out of public service employment, one-third of those jobs eliminated would be jobs that are presently held by youth, even though that isn't a targeted program. Is that correct?

Secretary **Marshall**. That's right. I think if you cut the CETA system generally, or public service employment, there is no doubt that some young people would be cut out of that part of the program as well.

Senator **Nelson**. But in your figures of an increase in net employment of 450,000, do you include a contemplation of any cut in CETA, or is this without any cut?

Secretary **Marshall**. It's without any cut.

Senator, it is well that we here included both of the things I'm talking about today, because the proposal that we make for the work and training opportunities program, which is our welfare reform jobs program, would add a net of 400,000 jobs in addition to these that we're talking about, and many of the participants in the welfare reform programs would be young people. So we need to put that into our calculations, as well.

Senator **Nelson**. Go ahead. I don't know where you were at——

Secretary **Marshall**. Well, I kind of got off that. I think I can conclude by saying that actually I made most of the points that I think needed to be made in my testimony about the youth program. If you would like for me to summarize the part of the statement before we talk about the Work and Training Opportunities Act, or the welfare reform jobs program, I would be glad to do that, or I can continue to answer questions about the youth program, as you see fit.

Senator **Nelson**. Well, maybe you could finish the youth program. I regret to say that I didn't have an opportunity to read your statement before I came. But could you summarize for us what this new initiative program contemplates doing and how you contemplate doing it?

Secretary **Marshall**. The main thing it contemplates doing is, first, to introduce a system of benchmarking. The Labor Department's program will concentrate mainly on older, out-of-school youth. The Department of Education's program would concentrate on inschool youth. We would try to improve the linkages between education and the labor market through programs providing incentives for people to cooperate. We think the benchmarks are very important in establishing success criteria for the program for young people, as I mentioned to Senator Metzenbaum, because one of the complaints we got from employers was that when people, young people, came through our employment training programs it was not clear what they had been able to do.

We also intend to provide more intensive services to young people, to try to do more to overcome the serious disadvantages they have, and to concentrate this intensive treatment on the most severely disadvantaged young people.

We also think it's important to provide performance benchmarks for the deliverers of services, so that we can judge their performance.

Senator **Nelson**. Now, your part of the program will address the problems of out-of-school youth under age 24, is that it?

Secretary **Marshall**. Under 21. The major emphasis of our program is on out-of-school youth, but we also have a sizable inschool program as well.

Senator **Nelson**. What exactly do you propose doing for out-of-school youth that is not being done under any program now?

Secretary **Marshall**. I think the thing we propose to do is to have much better coordination now between the basic education, or computation and reading skill program, and the job. We have learned from our programs that on-the-job training plus academic training provides much more for young people. We have to be sure they have the necessary educational background in order to be able to absorb the training. That is an important difference.

The other main difference is that we intend to do more benchmarking than we do now, so that when a young person comes through the program with a certificate, we will know what that young person has learned, that the services provided for young people will be much more intensive than they have been before.

We will also try to consolidate some of the programs to ease the management burden at the local level. To provide for better coordination with education there will be two kinds of incentives—one for better program performance by the prime sponsors, and the deliverers of services generally, and second, incentives to improve the linkage between the employment and training activities and the school system or the educational activities.

The other thing we will try to do, of course, is to concentrate these funds on the most distressed areas, as well as the most distressed people.

Senator **Nelson**. But what exactly are you going to be doing with these out-of-school youth?

Secretary **Marshall**. Well, the exact things we will do will be, first, to try to see to it that the young people get better basic education.

Senator **Nelson**. Well, what are you going to do? Are you going to recruit some young people and set up special classes?

Secretary **Marshall**. We already have the school system and the prime sponsors will be encouraged to coordinate their activities with the school system, but they can also provide educational facilities in community-based organizations and elsewhere in the local community in order to get the high school equivalency.

For example, if young people have dropped out of school, it might make more sense in the local community to create special facilities rather than sending them back into the same schools from which they dropped out. So the prime sponsors would be able to make that determination in cooperation with the local education authorities and decide where it would be best to provide that kind of education, just as we will try to do everything we can to get young people into the private-sector programs. We have a new private-sector initiative under CETA, as you know, and we want to coordinate that activity more with our youth program as well, so that on-the-job training opportunities could be provided by the regular private-sector employers in that local labor market.

As you know, we have got the private industry councils set up now in over 450 local labor markets, and we hope to improve the linkages between the youth program, the private-industry councils, and the school system, so that a plan can be developed at the local level that will best meet the needs of the young people for education as well as training.

In addition to on-the-job training, there will be institutional, classroom training as well.

Senator **Nelson**. But you're not going to handle the education aspect of it; the inschool aspect is not——

Secretary **Marshall**. We will have an inschool program. Let me let Ms. Allen describe in some detail what we have in mind with the Labor Department's part of inschool activities.

Ms. **Allen**. Senator, we simply have education linkages specified throughout the bill. Most generally, we require that all work experience for school-age youth, whether they are currently in or out of school, must be linked with educational programs designed to provide acquisition of basic skills and basic education. That's a general program requirement.

We also stipulate that prime sponsors in areas which include target schools funded under the companion Department of Education Youth Employment and Training Act must allocate sufficient funds from their basic grant to make adequate part-time work experience opportunities available for youth in the target schools. That insures that youth in those schools can have part-time work experience as part of a combined program of education and work experience.

In addition to those general features, we earmark approximately $145 million for education incentive grants, to finance programs developed cooperatively with the local education agency.

I would note that this amount isn't itself larger than the dollar value of the current YETP 22-percent set-aside. Essentially, we have replaced the 22-percent set-aside by an incentive structure which as the Secretary noted we think is a better way to encourage joint planning between the prime sponsor and the local education agency, and hence, improve the quality of the linkage programs which currently exist, in addition to expanding them.

Senator **Nelson**. All right. Go ahead.

Secretary **Marshall**. Well, that concludes my testimony on our youth proposal, Mr. Chairman.

Before turning to discussing the Work and Training Opportunity Act, which is the job component of our welfare reform proposal, I would like to observe that in many ways it is very fitting that we consider these two proposals together. First, they have substantial overlap between the two populations addressed by these proposals, as you have noted, Mr. Chairman, in your questioning.

On the one hand, over 300,000 AFDC mothers are under the age of 21——

Senator **Nelson**. How many?

Secretary **Marshall**. 300,000. Many more are now older who entered the rolls in their teens. On the other hand, 28 percent of youth now participating in our major youth programs, the youth employment training program, receive public assistance either in their own right or as part of a larger family; 28 percent of those who are now participating in our program also will receive welfare themselves or are in families that receive welfare.

There's another relationship that is more subtle, but perhaps even more important, and that is the importance of helping the whole family. We are providing not only economic support but also the example provided by working parents which is so crucial to the development of the children's own aspirations and capabilities for financial independence.

The work and training opportunities program is one of the two major components of the administration's welfare reform proposals. As you know, the cash assistance portion of the proposals has been passed by the House of Representatives. Since the job component is an essential companion to the cash assistance program, in assuring that the major goals of the administration's reform are achieved, I urge that this committee give early and favorable consideration to the proposals we are discussing here today.

These proposals have been developed over the last year through extensive consultations within and outside the Government. In their design we have tried to strike a balance between the requirement for budgetary restraint on the one hand, and, on the other, the no less urgent need to renew our commitment to solve the problem of poverty in our prosperous Nation.

I think that the recent favorable action by the House of Representatives on the cash assistance portion of the proposals is a clear indication that our balancing efforts have been generally successful and that our approach is on the right track.

As in the more comprehensive reform package submitted by President Carter 2 years ago, we are proposing a coordinated jobs/cash approach to solving the welfare problem. Our two bills represent these two facets and neither can succeed without the other. President Carter has long believed that an approach of this type is not only most acceptable to both participants and taxpayers, but provides us with the only hope of reducing long-term dependency.

Our current welfare system is generally held in low esteem, but not, I believe, because of its objective of helping the poor. Most people agree that society should provide basic incomes for those unable to support themselves or their families.

The problem is that our current system is defective in two important ways: Benefits for those unable to work are quite low in many areas, and, on the other hand, many people who could contribute to their own support are forced to rely on welfare benefits because of inadequate job skills and work opportunities.

The cash assistance reforms will address the first of these two deficiencies by improving direct income assistance to thousands of our poorest citizens who are unable to support themselves and their families. A minimum benefit level would be introduced into the aid to families with dependent children program; all States would be required to extend AFDC eligibility to two-parent families with unemployed principal earners; food stamps would be replaced by more generous cash benefits for most aged and disabled recipients of supplemental security income benefits; various important administrative reforms would be introduced; and a substantial portion of the fiscal burdens of welfare would be shifted from hard-pressed States and localities to the Federal level.

The second avenue of attack, upon which I will concentrate the rest of my remarks, is a major attempt to insure that most family breadwinners neither need to rely on welfare nor to eke out a precarious living for their families in unstable employment at subsistence wages.

I don't think there is much question any more about the relevance of employment programs to solving the problem of welfare dependency. Numerous studies in the last few years have highlighted the fact that increasing numbers of welfare recipients mix work and welfare. Few, however, are able to obtain the types of jobs which can permanently remove their families from welfare dependency.

Attitudes toward the relevance of work for the welfare population have also shifted dramatically among the general public, and among welfare participants themselves. This has occurred as welfare eligibility has been extended more broadly to two-parent as well as single-parent families, and as labor force participation among women with children has increased dramatically at all income levels.

These trends suggest that while we must continue to improve the adequacy of our welfare programs, we must also work to insure that reliance upon such programs is minimized among those persons with the potential for self-support.

There are several obvious benefits to this approach. First, and most important, is that by helping people to secure adequate-paying, stable jobs, we can provide them with the opportunity to obtain a far higher income for themselves and their families in both the short and long run. The second benefit is that by reducing welfare caseloads, not only can we reduce taxpayer burdens, but we can also use some of the savings to improve benefits for those unable to help themselves. And finally, by assisting the formerly dependent to become employed, we can expand the supply of useful goods and services produced in our society.

We believe that getting people to work by improving their skills and opportunities is also the only way to fight both inflation and unemployment simultaneously. Studies show that job programs are a cost-effective way to fight unemployment. And that properly targeted programs which aim at workers in need of skill improvement can do this without creating inflationary pressures by increasing the supply of skilled workers.

There is nothing productive about an unemployed or potential worker forced to live on welfare or unemployment insurance. The best way to increase our national productivity is to make sure that we are using all our human resources to their fullest extent—that our policies are building self-sufficiency, not dependency.

What we propose to do, Mr. Chairman, is to build on the existing programs that we already have, with this welfare reform, the WTOP program as we call it. We believe we have learned a lot about how to do this from the welfare participation in the CETA program, as well as the very carefully designed welfare reform demonstration projects that we currently have underway in 13 places.

Let me describe some of the features of the jobs part of the proposal. In order to restrict program costs, we have limited eligibility for program benefits to the most needy families. To qualify for job search assistance, a person must be an adult in a family with children with current income sufficiently low that they could qualify for AFDC benefits in their State of residence.

Eligibility for a federally assisted job or training position is limited to one adult per family and that adult must be the sole parent or, if there is more than one adult, the family's normal principal earner. We have, however, introduced some additional liberalizations into the principal earner rule to allow families to designate another adult for participation if the normal principal earner is no longer available for work or has not been placed in a job or training position after 16 weeks of assisted job search.

I would also emphasize that while single parent family heads with preschool children are not required to work in order to receive their full cash assistance benefit, they may apply for and receive job and training services on an equal basis.

I believe that this is a very important provision. Most of these women are young and have only one or two children. An increasing number have finished high school. Without help, their prospects are dim. Even in our most generous States, welfare benefits provide less than a poverty level income. If we can help these young women find and hold jobs now, before their self-image has been reduced and their abilities diminished by years of dependency, we can offer them not only an immediate improvement in income, but the chance for a far better life.

To meet the varied needs of those eligible and likely to participate, the new part E program will offer a wide range of employment and supportive services through two major project components. The first of these is the job search assistance program.

Mr. Chairman, one of the things we have learned in our experience is that it is frequently possible that no further training beyond a systematic job search is necessary to find jobs for many people who otherwise would remain on welfare. That has been one of the main lessons that we learned so far from our demonstration projects as well as from the experience we have had under the CETA program.

Services provided through cooperative arrangements between State and local employment and training systems will include: Instruction in job search techniques which many people need; individual and group job search activities; private sector job development; referrals to unsubsidized jobs; arrangements for supportive services, such as child care, transportation, and medical care; certification of eligibility for WIN and targeted jobs tax credits; short-term remedial services; employability development planning; and referral to federally assisted work or training.

As under the current WIN program, the Federal Government would pay 90 percent of the cost of the program. States would pay the remaining 10 percent. Funds would be allocated among States by a formula based on the relative number of AFDC recipients and estimated service costs within each State and allocated to local areas within States on a similar basis.

The second major program component is public employment. Those unable to find jobs after 8 weeks of job search would be referred to the local CETA prime sponsor for placement in a federally assisted job or training position.

While in these positions, they would receive a wage which either greatly reduces or eliminates their family's need for welfare. Attempts to place workers in regular public or private sector jobs would continue while they are in federally assisted positions. If no job is found for them by the end of 78 weeks, they would reenter the job search assistance programs for another 8 weeks of active job search before becoming reeligible for a federally assisted job or training positions.

This provision is designed to make sure that persons do not remain indefinitely in PSE jobs, that their employment potential is reassessed periodically in the light of their recent training and work experience, and that intensive efforts are made to find them adequate paying jobs in the regular public or private economy.

A relaxation of the current CETA limitation of a maximum of 78 weeks in PSE is provided for those still unable to find a regular job after 8 weeks of search. This is to prevent atrophy of acquired skills and work habits and a lost chance for future self-sufficiency for those families whose only alternative to federally assisted work is a return to welfare dependency at a lower income.

Activities under this program will include on-the-job training positions in the private sector, public service employment, vocational and remedial training, and supportive services such as day care which enable participants to undertake employment.

Several special features of the program are worth noting. Most participants will receive a mix of work and training. Effort will be made to provide skills and work experience which lead to useful jobs in the regular economy. Flexible hours and part-time work will accommodate the needs of single parents with young children.

Since one of the goals of this program is to give people work that needs to be done in local communities, it will emphasize types of work that are not currently being done by local and State governments. Areas of particular emphasis will include community economic development projects and projects which support other Federal initiatives in areas such as housing rehabilitation, day care and other social services, energy conservation and environmental cleanup. Linkages will also be developed with activities begun under the private sector initiative program, PSIP, for private sector job development and on-the-job training.

The estimated net cost of our job program is $2.8 billion. The gross budget cost is $5 billion, but $2.2 billion in savings in other assistance programs such as welfare, food stamps, and medicaid will result from the increased earnings of participants. States and localities will also realize almost $600 million in welfare savings as a result of the program.

Under these two programs proposed in our bill, each year about 2 million persons would be provided assistance in improving their employability and finding public and private jobs. If we are to meet our objective of offering an employment alternative to welfare for all those who can benefit from it, we will need over 600,000 job or training positions in 1982, the first full year of planned implementation.

To reach this goal, we propose to fund 400,000 new job and training positions under the new part E of CETA. The remaining slots will come from titles II-B and II-D and jobs created through WIN tax credit placements. We believe that this strategy strikes a proper balance between the needs of low-income families and the requirements of fiscal restraints.

There are several factors which governed our choice:

First: The group we have chosen for priority—family breadwinners—are widely recognized by the public as the priority group for employment assistance. This is because in helping them we help their children.

Second: Focusing scarce resources on this group is also cost-effective, since the alternative cost of providing Government cash, food, and health benefits is much higher for families than for those with no dependents.

Third: We are still providing very substantial levels of employment and training assistance to other disadvantaged groups. Not counting our summer youth programs, assuming current levels of funding are continued in 1982, we will be providing almost 1 million job and training slots to nonwelfare recipients under titles II-B, C and D, title VI, the Older Americans Act, and various youth programs.

In conclusion, Mr. Chairman, the work and training opportunity program is, I believe, an essential step in the evolution of a truly comprehensive employment and training system. In its first full year of operation alone, it will provide the opportunity for 1½ million people to escape from poverty. Over time, many more will be helped.

This program represents a major commitment by the Carter administration to attempt to insure that families will have the opportunity for self-support through full-time employment and the skills required to hold useful jobs at adequate wages. For many families, the program can mean a chance to avoid welfare dependency and to move into the mainstream of American life. For others, long or newly dependent on welfare benefits, it can mean an immediate gain in income, an enhancement of self-image, and hope for a permanently improved way of life. I believe that a commitment of this sort responds to the needs of millions of our poorest families, is consistent with the expressed preferences of the American public, and is deserving of your full support.

I believe that when we have these two parts in place, our new youth initiative and our work and training opportunities program, we will have in our public employment training system a very significant system that can meet the needs of both the structurally unemployed in our society, as well as the important countercyclical needs, and that it will be a very good investment for the country.

Thank you, Mr. Chairman. I would be glad to try to answer your questions now.

[The prepared statement of Secretary Marshall follows:]

STATEMENT OF RAY MARSHALL
SECRETARY OF LABOR
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR
OF THE COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

March 5, 1980

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to appear before you today to present the Administration's proposal for the new Youth Training and Employment Act, the Labor Department's portion of the new youth education and training legislation.

There are too many youths in the U.S. today who cannot find jobs, cannot hold jobs or cannot progress towards a life of productive contribution and economic independence. This is a major failure of our society.

Since the start of this Administration, President Carter, Vice President Mondale and I have been personally committed to correcting that failure. We have already come a substantial way. Our 1980 expenditures for youth training and employment programs are $1.6 billion over the 1977 level. This investment has played a major role in stopping the trend towards increasing unemployment and underemployment among our disadvantaged youth. But there is still much to be done if we are to consolidate our gains.

This new bill has been designed for the dual purposes of continuing the most promising elements of youth programs expiring in 1980 and of applying the knowledge we have developed about what works best for whom in youth employment and employability development. The goal of the Youth Training and Employment Act, in coordination with the Department of Education's Youth Education and Training Act, is to increase the future employability of disadvantaged youth through a carefully structured combination of education, training, work experience, and related services.

This new bill is designed to

- address the needs of youths at different ages and stages of development with a variety of strategies and services that aim to move youths into long term productivity,
- establish locally developed achievement benchmarks for both program providers and program participants;
- consolidate local programs and increase local decisionmaking on the mix and design of programs;

- redirect present youth unemployment programs toward intensive services for out-of-school youth and provide through the Department of Education for the basic educational needs of in-school youth;
- improve accountability for program performance and simplify reporting;
- provide extra resources to distressed areas;
- provide incentives for promoting special national purposes;
- promote linkages between CETA prime sponsors and educational agencies and institutions;
- improve access by youth to private sector employment; and
- improve staff and program capability.

When fully implemented in 1982, we estimate that the Labor portion of the program would provide services to over 1.1 million young people, an increase of more than 450,000 over current program service levels. The Education program under Title II would provide services to one million secondary school age youth.

I want to stress that the Act is a comprehensive propos to improve the basic educational and employment skills of the nation's youth. It addresses the needs of young people and their potential employers. It offers assistance to students, in both junior and senior high schools, as well as those who have left school. It seeks to expand and coordinate existing services while simultaneously drawing on local knowledge and creativity to develop new ones. It stresses long-range planning, firm links between school and community, and strong incentives based on performance.

Precisely because it is a comprehensive proposal, the Act's two main components should be viewed together. There is a basic division of responsibility with the Department of Education focusing primarily on those who are still in school, and the Department of Labor focusing on those who are not. The two programs have been designed to work together smoothly to provide a full range of services for the target group of young people. This is a united effort, one which will build on existing programs and structures, to forge strong links between the worlds of school and work.

Before discussing the specific proposals the Administration has developed for dealing with the critical problems caused by excessive youth unemployment, I would like to discuss what we have learned from operating the new youth programs for two and one half years as well as from the vast array of special demonstration projects, research studies, program evaluations, and the intensive nine month study by the Vice President's Task Force on Youth Employment. Through our experimentation and through discussions with experts, practitioners, trained observers, and participants in our program, we know a great deal about the nature of youth unemployment, the problems it causes, and the approaches that work best.

The Nature of Youth Employment

The major findings of our review of youth unemployment are as follows:

1. Youth unemployment accounts for a major share of aggregate unemployment and is a problem of substantial concern.

2. Youth employment problems are critical because they are so inequitably distributed. The gap between white and non-white and between the rich and poor, has widened considerably.

3. The long-range hardship related to youth joblessness is significant and increasing.

4. Joblessness among youth has substantial social costs and consequences.

There is a natural pattern that occurs for almost everyone from age 14 to 21. This pattern includes frequent job changes and occupational exploration, shifts from part-time intermittent work to full-time year-round employment, and increasing stability in work patterns and career goals as youths get older and develop a progressive interest in and committment to work.

Most youths follow such a sequence of experiences, interests and competency development. Only for a minority is progress disrupted by such events as early school leaving, drug or alcohol addiction, arrest and incarceration, and early childbirth. However, the odds of experiencing this kind of occupational and developmental disruption are far greater for certain groups, such as youths from economically disadvantaged backgrounds, minorities who have suffered from limited educational and social opportunities in early childhood, young women whose occupational options have been limited by artificial barriers and youths with mental or physical handicaps. Those who start off with a disadvantage of this sort frequently face restricted employment opportunities. In addition, they have less peer, parental and institutional support in mitigating the consequences of such disadvantages. The result is that such youths fall farther and farther behind.

There are no clear paths of success or of failure, but evidence suggests correlations between labor market experience in the teen years and subsequent employment and earnings; school completion, employment and earnings; sustained teenage unemployment, juvenile delinquency, and future employment problems. The correlations between early labor market experiences and future labor market outcomes become more evident as an individual ages. The problems also become more difficult to remedy. All of these factors have implications for the design of youth employment and training opportunities to assist those who have fallen behind.

The general theory underlying our proposed youth bill is that there is a variety of needs among youths of different ages, that certain elements are inter-related, and that it is important to try to target limited resources on those most likely to fall behind and stay there.

Accomplishments Under CETA Youth Programs

To attack these problems, the Carter Administration has significantly expanded, enriched and improved the performance of employment and training programs for youth. The ambitious goals of the 1977 Youth Employment and Demonstration Projects Act (YEDPA) have been largely achieved. Our efforts to double Job Corps capacity are continuing and program offerings have been broadened. Longstanding problems in the summer youth program have been tackled and substantially solved.

The Carter initiatives have surely contributed substantially to increasing youth employment and to reducing the unemployment differentials between nonminority and minority, and between rich and poor youth. The CETA system has demonstrated its delivery capacity in mounting new initiatives while improving existing programs. Experimentation and demonstration activity, unprecedented in size and scope, provided and is still providing knowledge necessary to improve the effectiveness of employment and training services. A solid foundation has been established for youth policies of the 1980's. Let me give you a few examples.

- The four major new youth employment and training programs created under YEDPA were fully underway within six months of the signing of the Act. They have now been stabilized and are fully integrated with other CETA operations.
- The new CETA youth programs have served over three quarters of a million youth since their inception, with an average of two hundred thousand participants on board at a time during the last year. During Fiscal Year 1979 alone, over 450,000 youth participated in the two new formula funded youth programs; over 175,000 received career employment experience; over 99,000 received transition services; 8,600 were in on-the-job training; 46,800 received classroom training; and over 121,000 were in work experience. Many more youths participated in the summer job program and in other CETA programs.
- Of those who left the programs in FY 1979, over 64,000 entered employment, and 179,000 others had positive terminations, such as entering the military, or returning to school. During Fiscal

Year 1979, 5,500 youth received their General (High School) Equivalency Diploma (GED); over 64,000 returned to school, and almost 28,000 received academic credit for their employment and training activities.

- The programs are highly targeted on those most in need; over four-fifths of the participants are from low income families and almost two fifths are minorities.
- The programs have been an important contributing factor in increasing youth employment. Program enrollment accounts for one-fourth of the measured employment growth of all teenagers since December 1977 and virtually all of the growth for black teenagers -- the only gains for black teenage males in the 1970's.

Minority youth in particular have made notable gains. The new youth component of the National Longitudinal Survey (NLS), a specially designed study of over 12,000 youth, show that between January 1978 and Spring of 1979, 2.5 million youths or 6.9 percent of all youths reported participation in one or another CETA program. The rate of participation for black youths was 17.4 percent, and for Hispanics 12.2 percent, compared to 4.8 percent for whites.

At the time of the NLS survey, employment in these programs accounted for one in seven jobs held by Black youth ages 16 to 19 and a tenth of those held by Hispanics. During 1978, 44 percent of Black youth aged 14-19 who held a job participated in an employment program, as did 23 percent of youth Hispanic workers.

Lessons from Program Experience

Past experience with youth employment and training programs, and extensive analysis of the CETA youth program efforts over the last 2 1/2 years, provide a number of lessons concerning the effectiveness of alternative activities and strategies in meeting youth employment needs. These lessons provide the basis for the the design of the Administration's Youth Training and Employment Act. They are:

- Local youth programs should be consolidated. The delivery system must be streamlined and paperwork reduced.
- Youth employment policies should reflect the developmental needs of youth. Different strategies are needed for youths of different ages.

- Locally developed benchmarks and performance measures are required to certify to employers the achievements of youth. Program records should document pre-employment experience, employability development, educational attainment, and vocational competence.
- Intensive efforts for older, out-of-school youth have been most effective and should be emphasized in new initiatives.
- To be effective, Federal employment and training programs must reflect workplace realities in their demands and rewards. Increased emphasis is needed on performance requirements for program operators to make sure that Federal dollars are buying high quality services which meet current labor market needs and realities.
- Greater local flexibility is needed. National priorities should be achieved through incentives. Incentive funding can be provided for special activities, such as weatherization; or for categories of youths with special needs, such as the handicapped; or for programs operated by special types of

service deliverers, such as private-for-profit organizations.

- The problems of excessive youth unemployment are highly concentrated both geographically and among certain groups of citizens. Resources must be carefully targetted on communities and population groups with the greatest needs, such as dropouts, minorities, youth from poor families, and youth with handicaps or other special problems.
- Finally, addressing problems of high youth unemployment requires sustained planning and program linkages among the private sector, schools, the CETA system, community based and voluntary organizations, parents, and concerned citizens.

The Design of the Youth Employment and Training Act of 1980

The legislation that we are proposing is an outgrowth of these lessons and experiences. The Act would revise and extend through 1984, title IV-A of the Comprehensive Employment and Training Act (CETA). The major features of the program are as follows:

Participant Eligibility

Youths ages 14 to 21 will be eligible. Youths age 14 to 15 will not be eligible for paid services during the school year, but could receive counseling, occupational information, and similar services. In addition, 14 and 15 year olds may participate in the summer program if an educational component is included.

The family income of eligible youths must be at or below 85 percent of the Bureau of Labor Statistics lower living standard income level, except that up to 10 percent of each prime sponsor's funds could be used for youths who do not meet such income requirement but who otherwise demonstrate need for services. Eligibility will also be extended to severely handicapped, offender, or pregnant youths in accordance with standards prescribed by the Secretary of Labor or to those youth attending target schools designated under the basic skills program in the Administration's proposed Youth Education and Training Act.

Both in-school and out-of-school youth will be eligible. In order to participate in an employment or training program, school-age youths will be required to participate in a suitable educational or basic skills program or component.

The Secretary will issue regulations which will designate a specific period of joblessness prior to application for the program or a specific period of initial unstipended participation during which counseling and other transitional services, will be available.

Stipends, Allowances, and Compensation

It is the intent of the program to provide payments primarily for work. No stipends would be paid to school-age youths (under 18) for the time spent in educational or institutional training programs, except in exceptional circumstances as specified by the Secretary in regulations. Training allowances could be provided to youth age 18-21 as specified by the Secretary. Allowances may be paid to cover the documented costs of program participation, for example, transportation costs. Also, at the discretion of the prime sponsor, modest monetary and nonmonetary incentives may be provided for youths in training pursuant to the regulations of the Secretary. These types of allowances would not be payments merely for time spent in an education program. Rather, the intent would be to defray participation costs and reward improvement, while avoiding incentives which might encourage youths to drop out of school in order to get into the program.

Compensation will be paid for work performed by participating youth of any age. The existing wage provisions in section 442 of CETA, and the anti-substitution and labor consultation provisions of section 443 of the current law will not be changed.

Framework of the Legislation

The new legislation would consolidate the existing subparts of title IV-A and revise title IV-C of CETA. The three existing subparts would be replaced by the following new subparts differentiated by the extent of local and Federal responsibilities.

Allocations for Basic Programs

The first subpart would provide general purpose basic grants to prime sponsors. These grants would constitute 59 percent of the total program funds.

- Three-fourths of this amount would be distributed as general allocations among all prime sponsors according to the current YETP formula.
- Equal Chance Supplements, constituting one-fourth of the basic grant funds allocated to prime sponsors, would provide extra funds to those prime sponsors with very large concentrations of disadvantaged youth, for the purpose of providing intensive programs and services in distressed areas. These

grants are an essential feature of our proposal. It is very clear that additional resources are needed to give an equal chance to youths who live in areas where concentrated problems of unemployment, poverty and social disorder pose multiple employment barriers. A highly-targeted formula has been developed for these supplementary allocations.

The legislation would also continue the existing law's set-asides of funds to Governors for special Statewide youth services (5 percent) and to programs for Native American youth (2 percent) and eligible youths in migrant and seasonal farmworker families (2 percent).

Program Design

Both the generally distributed allocations to prime sponsors and Equal Chance Supplements would be available for use as general purpose basic grants. A wide variety of services, such as those currently available under YEDPA would be authorized. The intent is to authorize prime sponsors to provide the array of services needed to give each participant the skills needed to get and keep a job. Emphasis would be placed on efforts to overcome sex-stereotyping and on career development for nontraditional occupations and on efforts to assist the handicapped.

Prime sponsors would be required to develop well-designed and well-supervised programs focused upon the achievement of basic and occupational skills needed for and leading to employment in the regular economy. The object is to support programs of the caliber of Job Corps that will serve youth in nonresidential settings.

The overall program funded with the basic grant would center on out-of-school youths, including those beyond high school age or dropouts of high school age. Services for eligible in-school youth would be worked out in cooperation with local education agencies (LEA's) and would include exposure to labor market and career information as well as work experience carefully coordinated with educational activities. Prime sponsors would support work experience and related services but not basic education in the schools or local educational agencies with funds under this Part. Prime sponsors' programs operated through community-based organizations, and other alternative arrangements could be used for educational programs leading toward a high school or equivalency diploma. Programs may be operated by postsecondary institutions, but funds may not be spent for courses leading toward a postsecondary degree. Prime sponsors whose jurisdictions include target schools funded under the Youth Education and Training Act legislation will make adequate part-time work experience opportunities available for youth to support programs under that Act in those schools pursuant to an agreement with the local educational agency.

Services for eligible out-of-school youth, including dropouts, would emphasize development of basic reading, writing, and arithmetic skills for those who need them, supported with employment opportunities and work experience. Training would be developed in cooperation with local educational agencies and private industry councils to assure its usefulness to employers so that as many as possible of the work opportunities are located in the private sector.

Performance Standards

The Secretary would establish performance standards for prime sponsors. In addition, prime sponsors would be required to assure strict accountability and performance standards designed to monitor their service deliverers carefully. Individual achievement records would be kept for each youth to continuously document the participation and progress of youths throughout their period of enrollment. These records would be available as a job reference for any youth wishing to use it for that purpose. Records would be released to non-program personnel only with the consent of such youth.

Benchmarks of achievement will be locally developed by prime sponsors, in consultation with local educational agencies, private industry councils, youth opportunity councils, prime sponsor planning councils, labor organizations, and other appropriate community organizations. Consistent with basic criteria issued by the Secretary, benchmarks will be developed in the areas of basic employability skills, work maturity (such as reliable attendance on the job), basic educational skills (such as reading, writing, arithmatic and speaking), and occupational competencies. Benchmarks would be designed to utilize achievement of minimum standards, such as returning to school, completion of a GED, etc.

Prime sponsor performance standards will be based on program outcomes such as job placement, job quality, job retention, and return to school, as well as on program management criteria.

Incentive Grants

A major emphasis of the legislation will be to provide workable incentives for prime sponsors to improve program quality and focus program resources on nationally set priorities. Twenty-two percent of program funds would be allocated to two types of incentive grants. The first is:

- Special Purpose Incentive Grants

  The Secretary of Labor would make Special Purpose Incentive Grants to prime sponsors, Governors, and Native American and migrant grantees for programs and projects designed to assist in meeting special national objectives. Such purposes may be types of projects (e.g., weatherization); programs focused upon groups needing special services (e.g., youths with special needs, pregnant teenagers and young mothers, youths with language barriers, offenders and institutionalized populations); and special arrangements for the delivery of services (e.g., through the private sector, community based organizations, community development corporations, and other intermediaries). Sponsors would be required to commit a matching percentage from other resources for these programs.

There would be no specific statutory formula for allocating these funds. However, the Secretary would provide Special Purpose Incentive Grants for various special purpose objectives on the basis of appropriate factors, such as drop-outs, high incidence of poverty, unemployment, sudden loss of employment in industry or agriculture, etc. Funds would be granted based upon an acceptable program design. Only sponsors with satisfactory past performance in this and similar CETA programs would be eligible for Special Purpose Incentive Grants. Incentive grants would not entail permanent funding -- priorities may change, and renewal of funding would be conditioned on acceptable performance and attainment of agreed upon goals for special programs as well as on availability of funds.

The second type of incentive grant would be:

- Education Cooperation Incentive Grants

  The Secretary would make Education Cooperation Incentive Grants available to prime sponsors to carry out programs developed on a cooperative basis with local educational agencies.

Grants would be available to prime sponsors to cover part of the costs of programs to be carried out pursuant to agreements with a local educational agency or agencies. The remaining costs would be funded out of general purpose basic grants, Title II-B, other CETA program funds or other funds and would be coordinated with commensurate resources provided by the local educational agency to insure integrated programs linking employment activities to education. These funds can be used to support work experience or other employment related services for youths in the target schools funded under the companion education legislation. A second activity would be support for alternative education programs to attract dropouts back to school. As in the case of the basic grants, these funds would be used for work experience and related activities, but not basic education in the schools of any local educational agency. Programs operated by community-based organizations, vocational schools, and through alternative arrangements may include educational programs leading toward a GED or high school diploma.

The Secretary would initially announce the funds available for Education Cooperation Incentive Grants sufficiently in advance of the beginning of each fiscal year to enable joint CETA-education planning to take place. Initial apportionments would be made based on the same formula as is used for basic grants, and in the same proportions (three-fourths YETP formula, one-fourth highly-targeted formula).

Secretary's Discretionary Program

The third part of the title would make ten percent of program funds or $150 million, whichever is less, available for use in the Secretary's discretion for such purposes as staff training and development; interagency programs; large-scale projects; arrangements with community-based and neighborhood organizations, private sector intermediaries, labor-related organizations, and local non-profit corporations; and knowledge development and dissemination.

Advisory Councils and Review Committees

A final, important element of coordination is the establishment of advisory and review committees. Title IV now requires each prime sponsor to have a youth council under the prime sponsor's planning council. The new legislation would require prime sponsors to establish a youth opportunity council which would assist in the development of youth program plans. If the prime sponsor enters into an agreement with the local education agency, the Youth Education and Training Act in complementary fashion, provides that the CETA Youth Opportunities Council can also serve as the review council for basic skills grants. In this case, one-third of the members would be named by the prime sponsor, one-third by local education agencies, and one-third by the private industry council. Adequate representation on the youth council of program eligible youths must be assured.

CETA Title V would be amended to provide that the National Commission on Employment Policy establish a committee on youth to consider the problems caused by youth unemployment, and to help the Commission advise the Secretary, the President, and the Congress on the effectiveness and quality of training and employment policies and programs affecting youths, and to make recommendations to enhance interagency coordination of youth programs.

Transitional Provisions

Finally the youth legislation would provide for a phased transition, authorizing the Secretary to permit prime sponsors to continue existing local CETA youth programs started under subparts 2 and 3 of the current title IV-A through fiscal year 1981, as they move ahead upon enactment with planning and organization so that new programs can be started in fiscal year 1981 and become fully operational in fiscal year 1982.

Conclusion

In closing I would like to stress that the program we are proposing is not only a humane and equitable approach to solving a serious societal problem, it makes sense in simple economic terms as well.

What we are talking about is making an investment in people whose skills we are going to need over the next decade. We must act now to make sure that the demand for skilled workers will be met in a way which helps address the problems of excessive youth unemployment. The coordinated education and employment approach we are proposing can help make this happen and in so doing provide important long-range economic and social benefits to all Americans.

That concludes my prepared testimony. I will be glad to answer any questions of the Subcommittee.

Senator NELSON. Thank you very much, Mr. Marshall.

Do you have some questions, Mr. Chairman?

Senator WILLIAMS. Yes; I wasn't here when you were first introduced, Mr. Secretary, so let me take this moment, if I may, to say that I am always pleased when you are here in our committee room to talk to the programs that you administer. You do it with an excellence that I applaud; stimulated by the response you have to the needs of the people that are served by your Department.

Secretary MARSHALL. Thank you.

Senator WILLIAMS. It is exemplary, and I am always pleased to welcome you here.

Under other circumstances, this could have been a most exhilarating presentation. But we are faced with a most unusual situation in our Nation and in our economy, and it places upon everybody a need for budgetary restraint.

It seems to me, however, that the youth initiatives that were announced with such great promise should have our full consideration notwithstanding the unique situation we're in. And that's what this committee is doing.

I understand Chairman Nelson indicated that this will be our intention, to thoroughly consider the youth initiative efforts, both in the Labor Department's part of this program, and the education aspects of the youth initiatives as well as the welfare reform jobs legislation. I am grateful for the chairman's leadership in this. His record within our committee has been one of very enlightened responses to the needs of the disadvantaged.

I will be pleased later today to introduce the legislation which you have addressed today. I feel that we can give it our full thought.

I would start with a question that has probably been answered: How this program has been evaluated under the President's directive to all departments, to examine earlier budget figures for potential reduction. The budget figures we have had for about 1 month are subject to review to see what can be reduced from the budget already submitted by the President.

What has been the evaluation of this program in that regard?

Secretary MARSHALL. Within the process that is going on, the new youth initiative is exempt; that is, we are not considering cutting back on our request for funds for the new youth initiative.

Senator WILLIAMS. And was this discussed earlier?

Secretary MARSHALL. Yes, sir, we talked about it.

Senator WILLIAMS. We proceed with the expectation that you're standing fast on the initiatives that you're advancing here today?

Secretary MARSHALL. That's right; yes, sir.

I also emphasized that despite all the discussion in the media, that no decisions have been made on any programs in the Labor Department. The only thing that is happening is, in the light of the serious inflation problem, to examine options, and we don't know that any of our programs will necessarily be cut.

But even in that process of examining options, the stipulation is our new proposal, like the new youth initiative, will go forward.

Senator WILLIAMS. Simplistically, how do you state the realistic figure here for the expected increase in outlays on youth training and employment for fiscal year 1981? There is nothing here really that would reflect a request for 1980, am I right? I think the most important figure is the outlay expected for 1981, and the increases in training and employment for young people.

Secretary **Marshall**. Let me have Ms. Allen repeat those.

Ms. **Allen**. Senator, we are requesting an additional $300 million in budget authority for the Department of Labor. In fiscal 1981, we are estimating that our outlays will increase by $100 million. On the education side, we are requesting $900 million additional budget authority, but that is mostly advance funding for outlays anticipated in fiscal 1982. We estimate that only $50 million would actually be outlays by the Department of Education in fiscal 1981. So that the total incremental to outlays between the two components in fiscal 1981 would be $150 million.

Senator **Williams**. Where there is inflationary impact, that is the figure that counts, am I right on that?

Secretary **Marshall**. I'm not sure it has inflationary——

Senator **Williams**. If it has. Did I say "if"? [Laughter.]

Secretary **Marshall**. Then I would agree to that.

Senator **Williams**. As a matter of fact, you can go through the logic that this kind of investment is one of greater productivity, greater product, which is a reliever of inflation.

Secretary **Marshall**. That's right. We actually believe, Senator Williams, as you know, that that is the case and we can demonstrate it. This is an investment in young people, and it will overcome future labor shortages. We do have a serious problem, and it will be particularly serious for minorities.

We will have a net decline in 4 million young people in the work force during the 1980's, but the minority youth work force, the group that is most disadvantaged now, will need continued special attention in order to make it possible for them to take advantage of the opportunities opening up during the 1980's.

The best time to deal with that problem is now, when unemployment is high, and it will help relieve inflationary pressures in the future if we get them into the labor shortage areas. You have to view this by not just what happens in 1 year, but what happens over a series of years. We think, therefore, the most cost-effective way to deal with the problems of unemployment and inflation is—and any pressures you might get in the labor market—is through these kinds of investments.

Senator **Williams**. Those to be served in such large numbers would require basic education and, certainly, training.

I didn't hear you address yourself to how the training and education capabilities in the field would be organized institutionally. On the education side of this bill the program arises out of the schools. Under the CETA system, where education and training do not always conform to existing institutions, it's not as easy to see how we're going to be able to respond with the training staff capabilities.

Secretary **Marshall**. One of the things that we think is important, is to provide as much flexibility as makes sense for the local prime sponsors and the local education authorities to decide what kind of plan makes sense in their setting.

For example, what kind of institution you train young people in. For many young people who have dropped out of high school, it sometimes makes very little sense to send them back into those schools.

We have found in our Job Corps program, for example, that it sometimes is possible to take those young people and give them the basic education skills while you're teaching practical skills, better than you could if you just gave an education in abstraction. You get higher motivation because young people see that they need that skill in order to do the things, in order to be a plumber, or electrician, or sheet metalworker, or whatever. You can teach them mathematics, you can teach communications skills in those settings sometimes much better than you can for those young people turning them back into the schools where they dropped out. So we would provide the flexibility for the local prime sponsors, working with the local education agencies, to decide what and where it makes sense for young people to get trained.

What we have to avoid is the assumption that you send people right back into the same setting with the same kind of education that they had dropped out of, and for whatever reason been turned off from.

So we think that is one part of the problem. We need to recognize that people can get basic education in nontraditional settings, and sometimes get it much more effectively than in a classroom traditional educational setting.

The second point that we want to emphasize with the program is the need to improve the linkages between our employment training system, public and private, and the school, in order to facilitate the preparation of young people for work while they're in school. That's the reason why we work very closely with the Department of Education in the development of this activity, and also the reason we have Mr. Schwartz here from the education component, the National Institutes of Education, who has worked with us in the development of this.

Maybe I should let you respond.

Mr. SCHWARTZ. Just a couple of comments, Senator.

One is that, just as the Secretary was describing, the need when one is talking about older, out-of-school youth, to really deal with the motivational problem and to try and link up basic skills instruction with more specific occupational skills instruction, that same philosophy permeates the education part of this program. That is, we on the education side are trying to focus on junior high schools and senior high schools serving the most substantial concentrations of youth and trying to make and enable those schools to design basic skills programs much more closely dovetailed with the requirements of the work world.

In terms of the specific linkages, Ms. Allen alluded earlier to some that are built in on the labor side of this program. There are also linkages built in at every step on the education side, to make sure that school people, as they are designing programs, are working collaboratively with people from the prime sponsor and from the local employer community, to make sure that the standards and benchmarks on the education side are realistically grounded in the requirements of the work world, and generally to make sure that we have a collaborative approach.

Senator **Williams**. I might come back with further questions but I will yield now. Thank you very much.

Senator **Nelson**. Senator Javits?

Senator **Javits**. Thank you, Mr. Chairman.

Mr. Secretary, there are two things that trouble me about what you have testified to, that seem to be artificial. I would like to have your comments.

Of the 22-percent set-aside, the expert witnesses that will testify after you—at least certainly two of them—seem to favor as compelling the utilization of that money for the fundamental purpose of linking education and training. You, yourself, testified to its excellence.

So, from what I have read in the material, and your testimony, I'm not persuaded by the weight of the evidence that a system which has worked out well is improved by the change. Or, why tamper with something which has worked out well, or why are we throwing the 22 percent overboard when you spend so much time assuring us that this will be as good if not better.

Why not just keep it? We know that's pretty good.

The second thing is, why split this up between labor and education? All of a sudden we have an Education Department, which is fine for its proper purpose. But you have been doing a very good job and you're dealing with prime sponsors who have to deal with one department, and here we are again with the bureaucracy putting a banana peel under a program that seems to have worked out its bugs and is doing quite well.

These are very troublesome, Mr. Secretary, and I haven't heard anything so far that would persuade me that this is the way to go. Now, you carry that burden, whether you believe in it yourself or not, and you have testified that you do. I would like to know why.

Secretary **Marshall**. All right, sir. I think, in general, the 22-percent set-aside can be improved on by an incentive system which we propose here. One of the defects, as I understand it from the people who studied it carefully, is that it's an automatic pass-through and there is no necessary performance standard involved in the set aside.

Now, we believe that we ought to provide incentives for the young people and benchmarks for their performance. We believe we also ought to provide incentives for exemplary performance by the people who operate these programs.

Let me have my colleagues, who have spent more time on that particular aspect of it, respond more fully.

Ms. **Allen**. I guess, Senator, I would just add to and reaffirm what the Secretary has already said. While we do believe that the 22-percent set-aside has been a very important feature in promoting cooperation between local education agencies and employment training programs, the experience has not been uniform. We think that we can improve upon it by setting up an arrangement in which there is an incentive for both sides to cooperate.

At the moment the prime sponsor has to give 22-percent of his funds to the local education agency or he can't get the rest of his grant. So that doesn't make him an equal partner in the arrangement. Also, there is no particular interest on the part of the prime sponsor in the quality of those programs. We think that we will improve cooperation on both sides, just as the Secretary said, through the incentive grant arrangement, and we will also encourage, through the language that we specify, augmenting the resources, earmarked with additional resources from both the education and prime sponsor side, so that in fact the total amount of money allocated to cooperative programs will increase even above the already increased earmark.

Senator JAVITS. Mr. Secretary, I'll wait for your answer to the other part of the program: Why split this up between the Departments of Education and Labor?

Secretary MARSHALL. I will let Ms. Allen——

Ms. ALLEN. No, no. [Laughter.]

Secretary MARSHALL. Well, I think the reason, the main reason for doing it, Senator, is that we do need in our systems to get better coordination between the world of work and schools. The barriers between them have been, I think, too great. I spent 28 years in academia and know something about those barriers. I know that we do not serve young people very well if we have a closed system that is not forced to confront the world of work, which is what we have tended to have.

I think both systems, both of our departments dealing with this youth problem, will be enriched by the need to cooperate, the need for the education people to pay more attention to work, and to pay more attention to the world in preparing young people not only for a job, but for life.

Now, education in the true sense of trained intelligence is not just preparation for jobs; it's preparation for life. If we have compartmentalization between the education function and life, then we're not adequately preparing young people for life.

I think the same thing exists on the other side. I think—employers have told us that, that one of their concerns is that the schools are not preparing people to meet their entry level requirements. I believe that by this kind of coordination between employers at the local level, through the private industry councils in the private sector initiative, and the education system, that we will move to break down the barriers by having a joint program at the Federal level. I think we have had good cooperation at the Federal level, but by trying to promote these linkages at the local level, we will break down the barriers.

I believe that private sector participation, and people with labor market concerns, participating in the school system, will improve the school system and I think they can also do a lot to improve the labor market performance. So it seems to me to be a fairly natural linkage, one that we have made artificial by simply dividing things into compartments, that the world itself is striving not to compartmentalize.

That's as much as I can say about it.

Senator JAVITS. Mr. Secretary, I hope you will forgive me—you're my friend and I love you dearly—but you sound like you just came down from Mars. Because this has been going on for 3 years, and all this has been working. Ms. Allen says it's working pretty well.

The thing that worries me about this—and neither of you have convinced me otherwise—is that you're taking it all up to Washington, and all of us Congressmen and Senators are always talking about local decisions. That's where it is now.

Why don't we leave it there? It's working pretty well. All you're going to do is bog this thing down with new approvals and new decisions that you have to make in Washington, minimum time 2 years.

Secretary MARSHALL. Well, one of the things we're trying to do is to avoid that and let most of the decisions be made at the local level. Our main objective is not to make these decisions but to let them be made at the local level.

Senator JAVITS. They are being made there, Mr. Secretary. What's your improvement? That's happening now.

Secretary MARSHALL. Well, I think that what employers tell us from the youth program is they're not working very well there, that there's not close enough cooperation between the private employers and the school systems, and that too many young people are coming out of the school system who are not prepared for the world of work. So something is wrong.

I think this is one of the most extensive social demonstration and knowledge development activities we have ever been involved in under the Youth Employment and Demonstration Projects Act. We studied that very extensively, talked with a lot of employers and a lot of people who are at the local labor market level, and they are convinced that one of the most serious problems that we have in the whole area is the lack of basic education for young people, and that we need to do whatever we can to continue to build on what we've got.

I believe we have done a reasonably good job, but I believe it can be much better and that it is not at this stage an organic relationship.

Senator JAVITS. So your real testimony is, overturn the present system, though it's pretty good, because of the excellence in education that you're going to attain through your system.

What timelag do you estimate it's going to be, now that you have kicked this up to Washington—and the bill says that you put it in, that is, if Senator Williams will introduce it, that you're to make the approvals. Are you simply going to opt in all the programs that are on the books now and then try to correct it afterward, or is everybody going to have to come up and apply anew?

These are practical questions and I would like your answer.

Secretary MARSHALL. Again, let me have Ms. Allen comment on that.

Ms. ALLEN. The money would still be apportioned among the prime sponsors according to a formula.

Senator JAVITS. What is the formula?

Ms. ALLEN. The same as the general, the basic grant allocation. Three-quarters of it would be according to the current YETP formula; one-quarter of the money would go out according to our new equal chance supplement formula, which is more concentrated. But the availability would be apportioned.

We simply require that the prime sponsors, in cooperation with the local education agency, come up with a joint plan and that it meet certain minimum standards. But the money would still be allocated by formula——

Senator **Javits**. Ms. Allen, how long is that going to take? You tell us, now, on your honor, how long is it going to take to get that plan kicked up to Secretary Marshall and get it approved?

Secretary **Marshall**. I'll let Dr. Knapp respond. He's the expert on that.

Senator **Javits**. Believe you me, we're going to hold you to it. [Laughter.] We're going to hold you to it, so you had better be careful with your answer.

Dr. **Knapp**. I would like to thank my colleagues for letting me answer this.

Normally, Senator, these plans would be approved when the comprehensive plans for the prime sponsor are approved.

Senator **Javits**. What you do now?

Dr. **Knapp**. Yes; right. The comprehensive plans of the primes are approved with most of the work on that done in the regional offices, so it should be approved before the start of the fiscal year that we're talking about operating.

I would like to add one thing regarding what you mentioned before, Senator. The only problem we have seen with the 22-percent set-aside, up until this time, has been that there have been occasions where the local education community has tended to use the money as they would have anyway without building in the linkage between what they are doing and what the prime sponsor wants to do.

All we're doing by this mechanism is trying to make sure that that bargaining takes place in increased good faith.

Senator **Javits**. Well, I'm sorry. I'm not persuaded, but nonetheless, I think what you're telling us is very important and that you're setting a standard. I hope you realize that it's going to be the standard for your performance if this thing ever gets through. I don't mind telling you that I have grave doubts that it will.

Now, you have an estimate on page 3 of your testimony, that "when fully implemented in 1982, we estimate that the labor portion of the program would provide services to over 1.1 million young people, an increase of more than 450,000 over current program service levels."

Now, considering the fact that your funding is likely to be flat—at least if it takes account of inflation we'll be lucky. How do you account for this increase of 450,000?

Secretary **Marshall**. Let me ask Ms. Allen, who was responsible for the estimate. I think you built in the increased cost.

Ms. **Allen**. The estimate is based on the assumption that we would have an increase in budget authority of $1 billion over current levels by fiscal 1982, which would be the first full year of implementation. That would be a $1 billion increment on the Department of Labor side. The Department of Education would have an additional $1 billion as well. This number refers to our increase.

Senator **Javits**. Is this $1 million that you estimate for title II, which is the Education Department for secondary school youth, is that a new figure, an added $1 million, or is it part of the existing population which is directly dealt with?

Ms. **Allen**. It would be an addition to the number of youths served by Department of Education programs corresponding to their additional $1 billion in outlays projected for 1982. But there would be overlaps between that population and the population served by our program, so you couldn't take the $1 million, add it there and add it to our side as well. There's considerable overlap.

Senator **Javits**. Can you give me a percentage, an estimate on the percentage of overlap?

Ms. **Allen**. Senator, could we supply that for the record?

Senator **Javits**. I think you should, because if we took your figure of 2 million, as I remember my figures, that's two-fifths of all youth at this age level, which I understand to be 5 million. Now, if you lay that before us as the achievement of this program, you worry me. It's too optimistic. Wouldn't it worry you, as an experienced person?

Ms. **Allen**. Yes, Senator; and clearly there is tremendous overlap between the two programs because one of the major objectives in our bill is to insure that for these same youths who are served by the education program, adequate part-time work experience is provided. So that we are clearly planning for a great deal of overlap. I'm just not sure whether to say 60, 70, or 80 percent.

Senator **Javits**. You will supply that for us?

Ms. **Allen**. Yes, sir, we will.

Senator **Javits**. Thank you very much, Mr. Chairman.

Senator **Nelson**. Mr. Secretary, in the letter inviting you to testify today, we asked for a specific accounting of all the moneys spent under the Youth Employment and Demonstration Projects Act.

Do you have that information for the record?

Secretary **Marshall**. Yes; we do have it and can make it available for the record.

Senator **Nelson**. All right. If you would just simply supply it for the record, so it can be printed in the record.

[The following was received for the record:]

Overlap

The overlap question can be looked at in at least two ways and estimates of the amount of overlap will depend on which concept underlies the calculations.

The estimate is as high as 60% if the estimate is based on the percent of disadvantaged youth who are potentially eligible for services under both the Department of Education and Department of Labor initiatives.

The overlap estimate is as low as 20% if the estimate is based on the percent of youths in ED funded schools who receive part-time work experience under the Labor Department initiative in one year. (Note that additional youth may receive job counselling and other employability development services under the Labor Department youth initiative as well as services under other programs.)

INFORMATION REQUESTED FOR MARCH 5, 1980 HEARING OF SENATE LABOR AND HUMAN RESOURCES SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR ON YOUTH EMPLOYMENT AND THE JOBS COMPONENT OF THE ADMINISTRATION'S WELFARE REFORM PROPOSAL

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Selected Characteristics of Participants in
Youth Programs: YETP, YCCIP and SYEP:
FY 1979

Program	YETP	YCCIP	SYEP	Total
Cumulative Enrollment (in thousands)	412	39	826	1,277
		(Percent of Total)		
Economically Disadvantaged	79%	87%	99%	97%
Race:				
White (Not Hispanic)	47	45	31	36
Black (Not Hispanic)	35	36	48	44
Hispanic	15	15	18	17
American Indian	2	3	2	2
Other	2	2	2	2
Sex:				
Male	48	74	51	51
Female	52	26	49	49

Source: Quarterly Summary of Participant Characteristics

Youth Employment and Training Programs
Fiscal Year 1979
October 1, 1978 thru September 30, 1979

	Total Number	Percent	YETP 4/ Number	Percent	YCCIP Number	Percent
Total Enrollment 1/	450,100	100	411,100	100	39,000	100
Career Employment Exp.	175,200	39	174,900	43	300	1
Transition Services	99,600	22	99,600	24	2/	-
On-the-Job-Training	8,600	2	8,600	2	0	-
Classroom Training	46,800	10	46,500	11	300	1
Work Experience	121,500	27	83,000	20	38,500	99
Current Enrollment September 30, 1979 1/	123,700	100	114,700	100	9,000	100
Career Employment Exp.	56,000	45	56,000	49	2/	-
Transition Services	25,700	21	25,700	22	2/	-
On-the-Job-Training	1,700	1	1,700	2	0	-
Classroom Training	9,100	7	9,000	8	100	1
Work Experience	25,000	20	16,500	14	8,500	95
Total terminations	326,400	100	296,400	100	30,000	100
Entered Employment	64,400	20	58,100	20	6,300	21
Direct Placements	4,500	1	4,400	1	100	0
Indirect Placements	30,100	9	27,900	9	2,200	7
Obtained Employment	29,800	9	25,800	9	4,000	13
Other Positive Terminations	179,000	55	168,300	57	10,700	36
Non-Positive Terminations	83,000	25	70,000	24	13,000	43
Other Results						
Obtained GED 3/	5,500	—	5,200	—	300	—
Returned to School	64,300	—	60,400	—	3,900	—
Received Academic Credit	27,900	—	27,000	—	900	—

1/ Totals include individuals who were not enrolled in a specific activity. Percents may not total 100.
2/ Less than 50.
3/ General (High School) Equivalency Diploma.
4/ Includes YETP - Governors Grant.

Source:
Office of Administration and Management
Division of Information Analysis and
Systems Development

Young Adult Conservation Corps
Cumulative Enrollee Characteristics

Fiscal Year 1979

Total Number Served 67,186

Program:
X Interior Federal
X Agriculture Federal
X State Grant Program

	OnBoard End Of 4th Quarter		Terminated		Total Served	
	#	%	#	%	#	%
Sex						
Male	8,530	61	33,258	63	41,788	62
Female	5,066	36	18,185	34	23,251	35
Not reported	352	3	1,795	3	2,147	3
Age						
16-18 yrs. of age	5,996	43	24,223	46	30,219	45
19-21	5,892	42	21,658	40	27,550	41
22-23	2,048	15	7,200	14	9,351	14
Not reported	12	0	54	0	66	0
Ethnic						
American Indian	849	6	3,639	7	4,488	7
Asian/Pacific	269	2	832	2	1,101	2
Black	1,636	12	5,740	11	7,376	11
White	9,741	70	37,386	71	47,127	70
Hispanic	1,069	8	3,802	7	4,871	7
Not reported	384	2	1,839	2	2,223	3
Economic Status						
Disadvantaged	4,582	33	17,878	34	22,460	34
Non-disadvantaged	8,261	59	30,825	58	39,086	58
Not reported	1,105	8	4,535	8	5,640	8
Veteran Status						
Veteran	459	3	1,980	3	2,439	4
Non-Veteran	13,041	94	49,249	93	62,290	93
Not reported	448	3	2,009	4	2,457	4
Education						
8th grade & under	509	4	2,027	4	2,536	4
9th thru 11th	4,653	33	21,155	40	25,808	38
High School Grad.	6,337	45	20,893	39	27,230	41
1-3 yrs. of College	1,537	11	5,903	11	7,440	11
4 or more yrs. of College	912	7	2,307	4	3,219	5
Not reported	0	0	953	2	953	1
Terminations						
Placed					1,918	4
Other Positive					33,309	63
Non-Positive					17,947	34
Total					53,238	79

TABLE 8

CHARACTERISTICS AT TIME OF ENROLLMENT OF YOUTHS ENROLLED IN YOUTH ENTITLEMENT DEMONSTRATION
THROUGH SEPTEMBER 1978, BY TIER AND TIME PERIOD

Characteristics at Time of Enrollment	Percent of Total Youth Enrolled or Average								
	TIER I			TIER II			TOTAL DEMONSTRATION		
	Through June	July Through September	Through September	Through June	July Through September	Through September	Through June	July Through September	Through September
Age									
16 years	46	52	47	47	58	49	46	52	47
17 years	33	27	32	33	27	32	33	27	32
18 years	16	14	16	16	10	15	16	14	16
19 years	5	7	5	4	5	4	5	7	5
Average Age (years)	16.8	16.8	16.8	16.7	16.6	16.7	16.8	16.7	16.8
Sex									
Male	48	50	49	47	45	47	48	50	49
Female	52	50	51	53	55	53	52	50	51
Ethnicity									
White (Non-Hispanic)	15	24	16	17	23	18	15	24	16
Black (Non-Hispanic)	77	65	75	63	56	62	76	64	74
Amer. Indian/Alaskan Native	0	1	1	0	1	1	0	1	1
Asian/Pacific Islander	2	2	2	1	2	1	1	2	1
Hispanic	6	8	8	19	18	18	8	9	[illegible]
Marital Status									
Never Married	99	98	99	99	98	99	99	98	99
Married	1	2	1	1	2	1	1	2	1
Head of Household	1	2	1	2	1	2	1	2	1
Living With Own Children	6	8	6	6	5	6	6	8	6
Average Number of Own Children	1.6	1.4	1.5	1.3	1.2	1.3	1.5	1.4	1.5
Family Receiving Cash Welfare (AFDC, SSI, GA)	43	38	44	36	43	47	42	39	46
Total Youth Enrolled[a]	26,790	5,731	33,134	2,957	704	3,627	29,747	29,747	36,761

SOURCE: Tabulations of Enrollment Forms in the Youth Entitlement Demonstration Information System.

NOTES: Percentage distributions and averages were based on the number of responses to each question. "Average Number of Own Children" is based on only enrollees who indicated they had children.

[a] Characteristics of 698 youth enrolled prior to July are not included in enrollments through June due to late receipt of forms. They are, however, included in enrollments through September which explains why youth enrolled in the first two periods do not total enrollments through September.

TABLE 6 (CONTINUED)

CHARACTERISTICS AT TIME OF ENROLLMENT OF YOUTH ENROLLED IN YOUTH ENTITLEMENT DEMONSTRATION THROUGH SEPTEMBER 1978, BY TIER AND TIME PERIOD

Characteristic at Time of Enrollment	Percent of Total Youth Enrolled or Average								
	TIER I			TIER II			TOTAL DEMONSTRATION		
	Through June	July Through September	Through September	Through June	July Through September	Through September	Through June	July Through September	Through September
Labor Force Status									
Employed	4	2	3	4	5	3	4	2	3
Not Employed	96	98	97	96	95	97	96	98	97
Average Weeks Worked in Last Year	11.4	12.1	11.5	12.6	12.9	12.5	11.5	12.2	11.
Average Earnings in Last Year ($)	704	985	748	735	1,100	838	708	1,014	759
Most Recent Job									
Average Hours Worked/Week	23.4	27.4	24.0	23.6	25.8	23.8	23.4	27.2	24.0
Average Hourly Wage ($)	2.47	2.69	2.51	2.44	2.53	2.46	2.47	2.67	2.5
Highest Grade Completed									
0-7	2	2	2	1	1	1	2	2	2
8	9	8	9	6	6	6	8	7	9
9	29	23	28	30	21	28	29	23	28
10	34	39	35	37	44	38	35	40	35
11	26	28	26	25	28	27	26	28	26
Average Highest Grade Completed	9.7	9.8	9.7	9.8	9.9	9.8	9.7	9.8	9.8
Out of School in the Semester Prior to Enrollment in Entitlement	6	15	8	3	8	4	6	14	7
Ever Dropped Out of School For A Semester	12	24	15	10	13	11	12	23	14
Total Youth Enrolled[a]	26,790	5,732	33,134	2,957	584	3,627	29,747	6,316	36,761

SOURCE: Tabulations of Enrollment Forms in the Youth Entitlement Demonstration Information System.

NOTES: Percentage distributions and averages were based on the number of responses to each question. "Average Weeks Worked in Last Year", "Average Earnings in Last Year", and both the "Average Hours Worked Per Week" and the "Average Hourly Wage" for the most recent job are based on only enrollees who had ever worked before.

[a] Characteristics of 698 youth enrolled prior to July are not included in enrollments through June due to late receipt of forms. They are, however, included in enrollments through September which explains why youth enrolled in the first two periods do not total enrollments through September.

FOR YOUTH PROGRAMS
FY 1980 - FY 1982

	FY 1980		FY 1981		FY 1982	
	Service Years	Persons Served	Service Years	Persons Served	Service Years	Persons Served
Job Corps............	35,600	110,200	42,625	139,000	NA	NA
YACC.................	21,900	62,400	21,900	62,400	NA	NA
Summer...............	173,077	1,000,000	173,077	1,000,000	NA	NA
YETP.................	146,400	560,900	------	-------	NA	NA
YCCIP................	16,400	59,000	------	-------	NA	NA
YIEPP................	35,900	60,700	------	-------	NA	NA
(Subtotal, Consolidated Programs).......	(198,000) 1/	(680,600)	(----)	(-----)		
New Initiatives......	-------	-------	202,688 2/	826,947	296,412	1,136,379
(Difference from FY 80)			(+6,826)	(+156,347)	(+97,521)	(+455,779)
TOTAL.............	429,477	1,853,200	440,290	2,028,347	NA	NA

1/ FY 1980 Unit Costs:

YETP = $4,923
YCCIP= 8,664
YIEPP= 2,618

Weighted averaged = $4,836 compared to $6,439 under the new initiative.

2/ Based on outlay estimate for new initiative and spend-out of old programs ($1,036 million with $6,439 weighted unit cost)

2/28/80

Allocations of FY 1982 Outlays Under the Youth Employment Initiatives

Of the FY 1982 budget goal of $1.8 billion, $1.375 billion will flow directly from the Department of Labor to State and local governments under various parts of the youth employment initiative. About $200 million of the $1.375 billion will go for Governors grants, for native Americans, for Puerto Rico, and for the territories according to the proportions received by these groups under the Youth Employment and Training Program. The remaining $1.168 billion will go directly to prime sponsors in the following three components.

Basic Formula	$767 million
Equal Chance Supplements	$256 million
Education Cooperation	$145 million
Total	$1168 million

Of this $1.168 billion, 75 percent will be allocated according to the existing YETP formula and 25 percent will be allocated according to a new formula. The basic grants will be allocated using the YETP formula; the equal chance supplements will be allocated according to the new formula; and the education cooperative incentive grants will be allocated 75 percent according to the YETP formula and 25 percent according to the new formula.

The new formula allocates dollars on the basis of excess unemployment and excess low income in each prime sponsor area. The derivation of the prime sponsor numbers involves an initial allocation at the state level and a suballocation to the prime sponsor level. In the case of unemployment, the state numbers are 36 month averages: the 3 prior calendar years of unemployed youth and youth in the labor force, as estimated from the individual Current Population Surveys. These state numbers are distributed to prime sponsors in proportion to each prime sponsor's total unemployment and total labor force, as estimated by the 70-Step method of the Bureau of Labor Statistics. In the case of low income, the state numbers are 3-year averages of 16-24 year-olds in families at or below 70 percent of the BLS lower living level and of total 16-24 year-olds. These numbers, as well as comparable numbers for the 10 central cities with largest youth populations, are estimates from the 3 prior March Current Population Surveys. The state numbers (outside the largest central cities) are distributed to prime sponsors on the basis of each prime sponsor's share of the state's population below 125 percent of the poverty line. The prime sponsor percentage is derived from 1970 U.S. Census data on income and 1975 Census estimates of population.

Given the number and rate of unemployment and the number and rate of low income status in each prime sponsor, it is possible to derive the new allocations. The allocation formula bases half the allocation on the number unemployed in excess of the national average unemployment rate and half the allocation on the number of low income in excess of the average low income rate.

Over the 1977-79 period, the national average unemployment rate of 16-24 year-olds was 12.5 percent and the national average low income youth rate was 16.5 percent. Consider a prime sponsor with a 15 percent unemployment rate and an 18.5 percent low income rate. This prime sponsor's excess unemployed will be 2.5 percent (15-12.5) of its labor force; its excess low income youth will be 2 percent (18.5-16.5) of its youth population. Given each prime sponsor's excess unemployed and excess low income youth, it is possible to determine the prime sponsor's share of the nation's excess unemployed and excess low income youth. If the prime sponsor has 3 percent of the nation's excess unemployed and 1 percent of the nation's excess low income youth, it would receive 2 percent of the new allocation (50 percent of 3 percent plus 50 percent of 1 percent).

ELIGIBILITY

Criteria

Family Income

- o Must be below 85% of BLS lower living standard.
  - Exceptions:
    - *Severely handicapped, offenders, pregnant youth who meet special needs standards set by Secretary of Labor.
    - *Youth attending target schools designated in Education legislation.
    - *10% of each Prime Sponsor's funds may service youth above income standards who need help.

Age

- o 14 to 21
  - Special Features For 14 and 15 years olds:
    - *No stipends during school year
    - *Educational component required for summer participation.

School Status

- o Open to in school and out-of-school youth
  - Enrollment in an accredited school program required for those subject to state school attendance laws.
  - All other participants required to have high school diploma or equivalent or be willing to participate in education or basic skills program.

Employment Status Prior to Enrollment

- Requirements to be set for lack of employment prior to enrollment or for unstipended period at beginning of participation.

Priority to those most in need of Service

- Standards to be set that take into account such factors as length of unemployment, educational attainment, sex, race and physical handicaps.

Performance standards

(a) Performance of participants and subgrantees

The prime sponsor's plan for its overall program would be required to assure strict accountability and performance standards designed to monitor progress carefully. Provisions must be set forth which --

(i) provide for establishing locally-developed benchmarks for measuring both the progress of and competencies acquired by individual participants;

(ii) provide for establishing locally the performance standards by which prime sponsors will measure the effectiveness of the specific programs and activities of subgrantees in terms of the adequacy and quality of inputs, such as supervision, training, and work-site supervision;

(iii) assure that the sequence of services, through which a participating youth progresses, is appropriate to that individual's needs and stage of development;

(iv) provide for compiling individual achievement records to document the participation and progress of individuals for each period of enrollment in an employment or training activity, to be available as a job reference for any youth wishing to use it for that purpose (and to be released only with the consent of such youth).

Benchmarks will be locally developed by prime sponsors, in consultation with LEAs, local educational agencies, private industry councils, labor organizations, and community-based organizations. Consistent with basic criteria issued by the Secretary, benchmarks will be developed in the areas of basic employability skills, work maturity (such as reliable attendance on the job), basic educational skills (such as reading, writing, computation, and speaking), and occupational competencies. Benchmarks would be designed to utilize achievement of minimum standards, such as returning to school, completion of a GED, etc.

(b) Performance of prime sponsors

The Secretary will establish prime sponsor performance standards based on program outcomes such as job placement, job retention, return to school, etc., as well as inputs related to program management, which are consistent with the standards for participants and subgrantees outlined above and suitable to the purposes of various programs. These standards will be revised annually based on prime sponsor performance and emerging knowledge about youth labor market problems and the impact of education, training, and employment programs on future employment and earnings. Federal emphasis on achieving the goal of increased future employability for disadvantaged youth will be expressed through use of these standards in assessing overall prime sponsor program performance as well as in evaluating applications for the incentive grants described below.

National Priorities

Subpart 2 of Title I provides for incentive grants (not less than 22 percent of Title IV-A funds). Of the funds available for incentive grants, not less than 38 percent must be used for Education Cooperation Incentive Grants. The remainder (up to 62 percent of the subpart) can be used for Special Purpose Incentive Grants.

The Special Purpose Incentive Grants would be awarded for programs and projects designed to assist in meeting national or special objectives described in the legislation and any additional Secretarial objectives specified in regulations. Such purposes may be types of projects (e.g., weatherization); programs focused upon groups needing special services (e.g., youths with special needs, pregnant teenagers and young mothers, youths with language barriers, offenders and institutionalized populations); and special arrangements for the delivery of services (e.g., through the private sector, community-based organizations, community development corporations, and other intermediaries).

The Secretary of Labor would make these grants to prime sponsors (as well as States and Native American and migrant and seasonal farmworkers youth programs) committing a matching percentage, as established by the Secretary, from their allocations from the general purpose basic grants under other subparts of Title IV or from Title II-B or other CETA programs, or from non-CETA funds. The Secretary would be authorized to require varying matching percentages for different special purpose categories.

PRIVATE SECTOR PARTICIPATION

A major focus of the Youth Training and Employment Act is on the involvement of the private sector. One of the purposes of the legislation is to improve access by youths to private sector employment. To accomplish this, training under the new program must be developed in cooperation with local education agencies and private industry councils to assure its usefulness to employers and that as many as possible of the work opportunities are located in the private sector. Specifically, the prime sponsor's youth plan must be developed in consultation with and reviewed by the PIC to assure that training and employment programs are designed to lead to regular employment.

Additionally, prime sponsors must establish a Youth Opportunities Council consisting of members named one-third by local educational agencies, one-third by the prime sponsor, and one-third by the private industry council. The Youth Opportunity Council is responsible for making recommendations to the prime sponsor, planning council, and the private industry council with respect to the youth plan and program operation, and establishment and implementation of performance standards.

The Youth Act of 1980 would extend Title VII of CETA, Private Sector Opportunities for the Economically Disadvantaged, two additional years (through FY 1982).

DISTRIBUTION OF TARGET OUTLAYS IN FY 1982 UNDER YOUTH EMPLOYMENT INITIATIVE

TOTAL: $1.8 Billion

	(in millions of dollars)	%
Allocation to Prime Sponsors:	$ 1,023	56.8
Under Basic Formula:	767	42.6
Under Equal Chance Supplements	256	14.2
Allocations for Education Cooperation Incentive Grants:	145	8.0
Allocations for Special Purpose Incentive Grants:	246	13.7
Allocations to Puerto Rico and to the Territories:	45	2.5
Grants to Governors and Native Americans:	162	9.0
Secretarial Discretionary Money:	150	8.5
Not Allocated:	30	1.5
TOTAL:	1,800	100.0

Steps Being Taken by the Department of Labor to Strengthen the Administration of CETA Programs

The Department of Labor has initiated a number of measures to develop and refine techniques to improve the capabilities of both the Federal and local governments to carry out their program and management responsibilities. These measures include plans for improving monitoring, auditing and providing technical assistance to prime sponsors and other grant recipients.

Specifically, these measures mean for Federal managers:

a. finding a better way to establish realistic program priorities and objectives. One of the major undertakings is the establishment of a unified management system for ETA. The system will unify all elements of the present planning, budgeting and review systems to improve agency efficiency, accountability, and effectiveness. The system will define goals and objectives more clearly and consistently, thus permitting better communication with prime sponsors about priorities and performance.

b. assuring that these priorities and objectives are communicated to the system. ETA is now in the process of reviewing its formal system of communication. It is developing a revised process which will disseminate information clearly, concisely and timely. Finally, it will provide for a differentiation as to the relative importance of various communications.

c. defining measures to assess accomplishments. The Department implemented a performance indicators system in FY 1977 in order to define and assess accomplishments. The 1978 reauthorization required the Department to establish performance standards for CETA programs. The Department is now in the process of implementing a long-term program aimed at developing appropriate performance standards which will be consistent with the requirements and goals of the revised legislation.

e. improving the technical assistance capacity. This has also been a high priority item for the Department. Major efforts, such as the development of Regional Training Centers (RTCs), have been made to assist the prime sponsors in operating effective programs. With the establishment of the Office of Management Assistance (OMA), as required by the 1978 reauthorized Act, the Department anticipates a significant increase in the level of technical assistance provided to prime sponsors.

e. training professional staff. The Department is now in the process of implementing a new Office of Management Assistance. This new office will take the lead in arranging for the training of staff, both Federal and prime sponsor.

f. improving management processes. Major efforts have been and are continuing to be undertaken by the Department to improve the management processes. This is especially true with respect to planning, technical assistance and training, performance standards, auditing, grant review and funding instructions, reporting requirements and review and assessment systems. The Department also recognizes the need to provide both performance standards for program operations and technical assistance to prime sponsors to enable them to achieve these standards.

An important example of the Department's commitment to improved management and oversight responsibilities is its 5-year plan for prime sponsor management information systems (MIS's). The Department will shortly issue minimum standards for prime sponsor MIS's which reflect the increased data requirements imposed by the 1978 amendments and which set minimum levels for accuracy and validity of prime sponsor reports. During Fiscal Year 1980, all prime sponsor MIS's will be reviewed against these standards. Those which meet the standards will be certified, while corrective action plans and technical assistance will be developed for those which do not. The Department has already reviewed and documented existing prime sponsor MIS's which operate effectively and are currently providing information on these model systems to prime sponsors. These improved systems will provide better information to monitor and evaluate program performance.

g. reducing inefficiencies in workload requirements. The Department shares prime sponsor concern about the increased paperwork resulting from the 1978 amendments. That increased paperwork places an equal burden on Federal staff. Importantly, coping with that paperwork claims Federal staff time from our more important monitoring and technical assistance functions. The Department is currently reviewing reporting and other work-generating processes at the Regional Office and prime sponsor level and plans to develop, where appropriate and possible, administrative changes based on the results of the review. Further, the Department may be recommending legislative changes to Congress based on these reviews. The Department has entered into a contract with the National Archives to review these problems and to develop recommendations, where appropriate.

At the local level this means:

a. providing better techniques to identify local needs within national priorities. This means working to find better ways of identifying the eligible population, creating employment and training opportunities which will better serve the eligible population and which will lead to permanent appropriate unsubsidized employment.

b. staff development. This means providing training and opportunities which will increase the effectiveness of staff in their current positions and also provide them with the skills necessary for advancing to higher and more challenging positions.

c. more effective self-monitoring. This means establishing an effective independent monitoring unit and a procedure for following up internally to assure that problems identified by the unit are in fact corrected.

d. more attention to program outcomes. This means that prime sponsors must recognize the goals of CETA and strive to operate programs in a manner which will result in more positive outcomes for the participants. It means concentrating on results.

Employment and Training Administration
Comparison of Budget Authority, Outlays, Persons Served, Service Years and Unit Cost 1978 - 1981
(Dollars in thousands)

	Fiscal Year 1978					Fiscal Year 1979				
	Budget Authority	Outlays	Persons Served	Service Years	Unit Cost	Budget Authority	Outlays	Persons Served	Service Years	Unit Cost
CETA:										
Title II - A, B, and C..............	$1,880,000	$1,992,317	1,331,300	463,900	$ 4,223	$ 1,914,160	$1,988,339	1,172,6[illegible]9	365,500	$ 4,787
Title II - D........................	0	994,836	311,000	117,200	8,491	3,509,526	1,755,641	386,900	198,000	9,778
Title III...........................	387,930	381,376	395,100	68,400	6,400	377,396	343,398	602,700	78,900	6,500
Title IV............................	1,173,000	1,336,019	1,306,000	275,270	--	1,902,343	1,776,370	1,676,500	357,[illegible]	--
YCCIP...............................	(0)	(60,450)	(28,700)	(8,600)	7,033	(107,163)	(103,368)	([illegible])	(17,[illegible])	[illegible]
YIEPP...............................	(0)	(31,632)	(36,000)	(14,400)	2,197	(197,106)	(76,554)	([illegible])	(31,500)	2,432
YETP................................	(0)	(293,900)	(359,200)	(81,400)	3,612	([illegible])	(535,956)	([illegible])	(134,300)	4,136
Summer..............................	(756,000)	(670,265)	(1,009,300)	(171,600)	584	(785,2[illegible])	(635,520)	([illegible])	(151,600)	722
Job Corps...........................	(417,000)	(279,633)	(72,000)	(22,500)	12,711	(393,193)	(379,616)	(85,030)	(28,000)	13,557
Title VI (PSE)......................	0	4,700,000	1,026,400	558,300	8,362	3,406,424	3,283,210	948,400	382,100	9,673
Title VII (PSIP)....................	--	--	--	--	--	75,000	9,307	4,000	500	7,352
Title VIII (YACC)...................	0	138,338	51,900	12,200	12,002	338,430	273,168	67,300	23,100	11,376
Total	$3,440,930	$9,333,078	6,322,100	1,488,900	--	$10,308,329	$9,463,844	6,351,900	1,385,600	--

	Fiscal Year 1980					Fiscal Year 1981				
	Budget Authority	Outlays	Persons Served	Service Years	Unit Cost	Budget Authority	Outlays	Persons Served	Service Years	Unit Cost
CETA:										
Title II - A, B, and C..............	$2,054,000	$1,948,000	1,752,500	375,000	$ 5,195	$ 2,117,600	$2,011,130	1,[illegible]	375,000	$ 5,[illegible]
Title II - D........................	1,485,000	2,000,750	4[illegible],300	223,000	9,392	2,034,000	2,[illegible],060	485,900	230,600	1[illegible]
Title III...........................	538,670	421,881	356,400	60,900	9,000	610,903	603,349	310,200	37,400	11,900
Title IV............................	1,862,361	2,244,277	1,790,000	406,[illegible]	--	2,324,6[illegible]	2,5[illegible]7,583	1,990,500	401,103	--
YCCIP...............................	(134,000)	(147,148)	(59,000)	(16,6[illegible])	8,059	(--)	(13,076)	(16,[illegible])	(6,700)	9,550
YIEPP...............................	(--)	(96,000)	(10,200)	(35,200)	2,628	(--)	(19,900)	(--)	(--)	--
YETP................................	(892,000)	(720,758)	(560,900)	(146,400)	6,923	(--)	(150,0[illegible]1)	(116,[illegible])	(29,000)	5,177
N - Youth Legislation...............	(--)	(--)	(--)	(--)	--	(1,125,000)	(812,4[illegible]4)	(728,000)	(136,000)	1/ 7,2[illegible]
Summer..............................	(608,367)	(793,686)	(1,000,000)	(170,000)	613	(439,000)	(872,690)	(1,000,000)	(170,000)	65[illegible]
Job Corps...........................	(427,700)	(488,687)	(110,200)	(35,550)	13,309	(560,481)	(579,450)	(129,[illegible])	(42,600)	13,59[illegible]
Title VI (PSE)......................	1,627,000	1,936,000	611,700	200,200	9,617	2,044,000	1,970,000	610,000	200,000	10,194
Title VII (PSIP)....................	325,000	166,000	65,100	10,900	7,989	150,000	200,000	121,400	36,500	4,111
Title VIII (YACC)...................	250,354	254,138	62,400	21,700	11,698	264,762	277,076	62,400	21,700	12,652
Total	$8,130,383	$8,884,332 2/	6,4[illegible],400	1,318,0[illegible]	--	$10,305,2[illegible]	9,322,462 2/	6,634,500	1,363,100	--

1/ Calculated based on BA.

2/ Total reflects undistributed outlay adjustment. Therefore, program pieces will not add to total.

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Senator **Nelson**. Senator Williams, do you have any additional questions?

Senator **Williams**. I would like to submit some questions in writing, if I might, to the Secretary and the others for written response.

I have just one clarification, Mr. Chairman, and that is the repeated references in testimony here, and specific mention in the legislation, of approaching evaluation through what is described as benchmarks.

Am I right, that benchmarks are basically an evaluation of individual progress within the program?

Secretary **Marshall**. Yes, sir.

Senator **Williams**. Is this done in any of the youth employment training programs now, this kind of specific, and itemized listing of the elements for evaluation of progress?

Secretary **Marshall**. Yes, it is. It's a part of the Job Corps program. We think that has worked very well in the Job Corps. We have learned a lot from the experience we have had there about how it might work in nonresidential settings.

Senator **Williams**. I didn't know that this was done in the Job Corps program, but I have observed that the evaluation of individuals and their progress in the Job Corps shows dramatic improvements.

Secretary **Marshall**. Yes, and that's one of the things we learned. As you know, the Job Corps has evolved through time, and the need to have discipline benchmarks is a very important part of it, so that when those young people come out of the Job Corps, either the school systems they go into or employers, or Armed Forces in many cases, will know what that experience means. They are able, in other words, to compile a record and people will be able to tell what they have learned in the program. We think that's important for all the youth programs because it is one of the defects that the employers note in what we do now.

Senator **Williams**. The CETA prime sponsors would have to establish in their program applications what their capability would be for this kind of evaluation through benchmarks. Is that part of the program plan that would be submitted to the Department for approval?

Secretary **Marshall**. The part of the plan that will be approved, and they are to require it from people who actually run the program.

What we intend to do is give as much help with the system as we can, of the techniques of doing that.

Could you enlarge on that, Ms. Allen?

Senator **Williams**. That last point is very important, it would seem to me.

Ms. **Allen**. Senator, we are already beginning some pilot projects and have in progress some studies to develop model types of benchmarking systems. We will not impose on any community any particular set of benchmarks, but we will require at least a minimum type of recordkeeping and provide examples of the sorts of measurements that we mean, including benchmarks of basic employability skills, of work maturity, such as being able to be on time, of basic educational skills and specific vocational skills.

Local employers and other concerned organizations can decide what makes sense for their community, which types of scales appear relevant to the types of things that employers expect of youths coming out of job programs to be able to perform and how high a standard they want to set for particular types of vocational skills. But we will be providing a lot of technical assistance of a very concrete sort, while at the same time giving localities a lot of flexibility to decide what are the things that are needed by kids and arrange jobs in their local labor markets.

Senator **Williams**. Thank you.

Senator **Nelson**. Thank you all very much. We appreciate your taking the time to come and testify this morning.

Secretary **Marshall**. Thank you, Mr. Chairman.

[The following was submitted for the record:]

Senator Williams' Questions for Secretary Marshall

Youth Training and Employment Act

Under the education component (title II) of the Youth Act, individual schools are determined eligible rather than the individual participants of the program. Under the employment part of the bill (title I), 90 percent of the youths would have to meet the regular CETA eligibility criteria and be economically disadvantaged, except that the bill includes a provision to suspend regular CETA eligibility for those youths "attending target schools under the basic skills program under the Youth Education and Training Act". To what extent will this provision undermine the focus of the existing CETA programs on economically disadvantaged youth, particularly minority members of this group?

Recent data from the Department of Labor on participants in the Youth Employment and Training Program indicate that 65 percent are high school students and only 21.6 percent are out-of-school without a high school diploma or equivalent. The new youth bill seems to have a continuing in-school flavor, because of its extensive links with local schools and because of the billion-dollar education component. Has the emphasis on out-of-school youth been diluted in YETP and would the new program encourage further dilution?

The data from the Department also indicate that something on the order of 50 percent of the YETP funds are being used to pay wages and benefits. Is this inordinately high and would it not likely move even higher with the proposed legislation?

What is your judgment about the adequacy of local area data on unemployed youth, youth in poverty, and numbers of school drop-outs which would be used to provide a detailed statement in this regard.

Benchmarks in a ladder of competencies and achievement records are required for measuring both the progress and skills acquired by participants. How will the benchmarks be developed? What would be the role of local employers, unions, and educators in developing the benchmarking system?

The special purpose grants designated for activities and projects of national concern would require a match of funds from the prime sponsor. The prime sponsor may use title II CETA funds for the match which may channel funds from the regular title II-A, B, C programs for adult participants. Would you describe to the Committe what protections of existing program levels under the current title II of CETA would maintain service levels to adult participants?

Work and Training Opportunities Act

The President is preparing budget cuts for fiscal 1981, mainly in the controllable programs of domestic agencies. In the Congress, as well, there is a strong tide running in favor of balancing the budget. Under the circumstances, are you confident that this authorization, if enacted, will lead to a budget recommendation from the President next year so that the program can begin on schedule in fiscal 1982? What are the realistic prospects for funding the program -- both in terms of the timing as well as the scope of the funding?

The Work and Training Opportunities Act provides for disqualification of a participant when a "bona fide" job offer is refused wihtout good cause. I am concerned, however, about the possibility of administrative coercion, particularly of women with children who might be unduly pressed to take a lowly job under threat of losing their public assistance payments.

Do you think a job that is only 4 weeks in duration is "bona fide", or should that period be longer? What would you think about taking into account the tenure of other employees of an employer as an indicator of prospects for the job being permanent and for advancement?

The bill implies that disqualification occurs when a participant turns down the first job offer. What would be the implications of providing for two or three turn-downs before disqualification?

The bill allows a participant to turn down a job when "the conditions of work or training are unreasonable... because of the hours of work, geographical location, health or safety conditions, or similar factors." The emphasis here is on the conditions of work. Would it be appropriate to also protect the participant when his or her personal characteristics, such as personal health, physical capability, and level of skill and experience, make the job unreasonable?

The bill provides for parents with children over 14 years of age to make themselves available for full-time work or risk disqualification. What would be the implications of raising that age to 18 years, in order to be more confident that teenage children would have more parental supervision?

The bill would reserve nearly two-thirds of the funds appropriated for the title II-D public service jobs for providing jobs only to principal wage-earners in welfare-eligible families with children (Sec. 4) How do you answer the argument that this is unfair to needy single persons (particularly women) and childless couples -- who are eligible for title II-D jobs but would not be eligible under the new title II-E? Would you be willing to work with us on this issue, which is a fundamental matter of equity among groups of disadvantaged citizens, to insure that single persons and childless couples would not be unduly impaired in getting CETA services, and if so, how?

Title II-D of CETA requires that each participant be subjected to training along with their work in public service employment. Prime sponsors tell us that they are finding it very difficult to make arrangements with training agencies to dovetail their schedules with work schedules, and as a result, a significant share of their funds is not being spent. Is it your intent to require that each participant in the new work-and-training program be given training as part of the program, or would you prefer that training be given if indicated by an individual employability assessment? Should the rule be uniform for both title II-D and title II-E? How would you view an amendment to include such other services as counselling and job search among the activities that may be funded with the II-D training set-aside?

The average wage index under CETA has been causing widespread problems. Prime sponsors have found that the index is so low in many areas that it results in undercutting existing wage structures, dividing of jobs, and simplification of work to the point that it isn't very constructive. How should the average wage index be changed to make these work-and-training opportunities more beneficial? How would you relate this issue to the welfare jobs bill, particularly in terms of a policy objective of making a CETA job more profitable than cash assistance and non-subsidized work more profitable than a CETA job?

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

APR 23 1980

Honorable Gaylord Nelson
Chairman, Subcommittee on
  Employment, Poverty and
  Migratory Labor
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I am forwarding our responses to the questions submitted with your letter of April 10, 1980. I hope this material is helpful in moving ahead the President's proposals for youth employment and welfare reform.

We will be pleased to continue to cooperate with you in the many important activities of your Committee.

Sincerely,

Ray Marshall

Secretary of Labor

Enclosure

Q. What is your judgement about the adequacy of local area data on unemployed youth, youth in poverty, and numbers of school dropouts which would be used to provide a detailed statement in this regard.

A. Local area data on unemployed youth, low income youth, and high school dropouts are adequate for some purposes but not for others. In general, the local area data on youth with problems are not reliable enough to use in allocating Federal dollars. However, by combining youth data at the State level over a 3 year period with local area data on overall unemployment and poverty, it is possible to obtain proxies for the number of youth with problems by local areas. The formula for the Equal Chance Supplement component of the President's youth initiative utilizes a combination of state youth-based data with local overall data. On a 3 year average basis, the unemployment rates of 16-24 year-olds are reliable at the state level within an acceptable range. In most cases, at a measured youth unemployment rate of 12 percent, one can have a 68 percent confidence that the true unemployment rate falls between 11 and 13 percent. While local area data cannot yield reliable numbers for specific cities and towns, national data sources, such as the Current Population Survey, can show trends by type of area. For example, in a recent paper, Fank Levy of the Urban Institute used CPS data to highlight the fact that central cities of the largest 35 SMSA's contained 16 percent of all teenage unemployment, but 38 percent of black teenage unemployment.

To go beyond these inferences and examine differences across specific local sites will require data from the forthcoming 1980 Census.

Q. The special purpose grants designated for activities and projects of national concern would require a match of funds from the prime sponsor. The prime sponsor may use Title II CETA funds for the match which may channel funds from the regular Title II-A, B, C, programs for adult participants. Would you describe to the Committee what protections of existing program levels under the current Title II of CETA would maintain service levels to adult participants?

A. The more generally expressed concern has been that the existence of special youth programs might result in a drop in youth participants in Title II programs and thereby cause an overall decrease in services to youth. To guard against that contingency, the proportion of funds allocated to the incentive fund, when matched with other funds, would approximate the amount now being spent on youth under those titles. There is thus no reason to expect that prime sponsors would reduce services to adults under Title II.

Q. Benchmarks in a ladder of competencies and achievement records are required for measuring both the progress and skills acquired by participants. How will the benchmarks be developed? What would be the role of local employers, unions, and educators, in developing the benchmarking systems?

A. Benchmarks will be developed locally by Prime Sponsors with recommendations from broad-based groups and will cover achievements in four kinds of career development areas: Pre-employment skills, work maturity, occupational competencies and basic educational skills. The legislation requires that a prime sponsor obtain recommendations on benchmark standards from the Youth Opportunity, Planning and Private Industry Councils as well as educational agencies, business, labor, community-based and other community organizations.

Q. Under the education component (Title II) of the Youth Act, individual schools are determined eligible rather than the individual participants of the program. Under the employment part of the bill (Title I), 90 percent of the youths would have to meet the regular CETA eligibility criteria and be economically disadvantaged, except that the bill includes a provision to suspend regular CETA eligibility for those youths "attending target schools under the basic skills program under the Youth Education and Training Act". To what extent will this provision undermine the focus of the existing CETA programs on economically disadvantaged youth, particularly minority members of this group?

A. The multi-stage process to be used in selecting participating schools is such that it is expected that schools taking part in the program will have heavy concentrations of economically disadvantaged students. In the first stage of the process 3,000 of the poorest urban and rural school districts will be designated as eligible to receive funds. In the next stage each eligible district will rank order its schools on the basis of the number of each school's students who meet an objective measure of poverty chosen locally. Grants will be made from among such schools. Such a selection process is likely to reinforce rather than undermine the focus on economically disadvantaged youth.

Q. Recent data from the Department of Labor on participants in the Youth Employment and Training Program indicate that 65 percent are high school students and only 21.6 percent are out-of-school without a high school diploma or equivalent. The new youth bill seems to have a continuing in-school flavor, because of its extensive links with local schools and because of the billion-dollar education component. Has the emphasis on out-of-school youth been diluted in YETP and would the new program encourage further dilution?

A. On the one hand the new initiative does indeed put considerable focus on school-related programs. This is because the Vice President's Task Force concluded that lack of basic skills adds enormously to the youth unemployment problems. On the other side, service to out-of-school youth is a feature of the incentive section of the proposal. It is the intent of the proposal to provide within budgetary possibilities a mix of service appropriate to the various needs of the target youth group.

Q. The data from the Department also indicate that something on the order of 50 percent of the YETP funds are being used to pay wages and benefits. Is this inordinately high and would it not likely move even higher with proposed legislation?

A. We see no reason why the 50% figure should move higher with the proposed legislation. Also the figure seems completely reasonable, particularly as compared with the experience in other CETA programs. For instance, analysis of Title II A B and C, which offers a mix of services somewhat comparable to YETP, shows that for the last quarter of 1979 wages and fringes made up approximately 51% of expenditures. For that same quarter, wages and benefits came to 78% of the expenditures for the Youth Community Conservation and Improvement Projects (YCCIP).

Q. The President is preparing budget cuts for fiscal 1981, mainly in the controllable programs of domestic agencies. In the Congress, as well, there is a strong tide running in favor of balancing the budget. Under the circumstances, are you confident that this authorization, if enacted, will lead to a budget recommendation from the President next year so that the program can begin on schedule in fiscal 1982? What are the realistic prospects for funding the program--both in terms of the timing as well as the scope of the funding?

A. As a result of the President's proposed budget cuts, we are asking for a postponement of the implementation of the Work and Training Opportunities Program.

Q. The Work and Training Opportunities Act provides for disqualification of a participant when a "bona fide" job offer is refused without good cause. I am concerned, however, about the possibility of administrative coercion, particularly of women with children who might be unduly pressed to take a lowly job under threat of losing their public assistance payments.

A. The Work and Training Opportunities Act provides for the disqualification of a participant when a "bona fide" job offer is refused without good cause. However, this is not different from the current law in which a welfare recipient is disqualified from cash benefits when the designated work incentive agent has determined that a "bona fide" job offer is refused without good cause.

All women who are single parents will receive a reduced AFDC benefit when they are in either a private sector or PSE job which pays less than $8,500. In Wisconsin single parents will receive a reduced AFDC benefit until their income exceeds $11,000. A single parent in Wisconsin receiving the minimum wage will have a total income of $10,100 from earnings, AFDC, Food Stamps and the Earned Income Tax Credit. Women with child care expenses will have an even higher income.

Q. Do you think a job that is only 4 weeks in duration is "bona fide," or should that period be longer? What would you think about taking into account the tenure of other employees of an employer as an indicator of prospects for the job being permanent and for advancement?

A. The local work incentive agent which will be part of the job search component should be allowed to determine what is a "bona fide" job. Individuals are allowed to enter the Work and Training Opportunities Program when they meet the income eligibility guidelines for cash assistance and provided they have not left a job without good cause. When individuals who are laid off from a job no matter how long its duration meet the eligibility criteria, they can re-enter the Work and Training Opportunities Program immediately. Those who have completed job search within the last 18 months will not be required to complete a second job search period. Others who have partially completed job search will be given credit for weeks completed. Thus individuals who take a private sector job will not be penalized if their private sector job ends, regardless if they have been in it for one week or one year.

We feel that this procedure is better than designing administrative features which attempt to screen out jobs of short duration. Many jobs which are expected to continue for a long time unexpectedly end after just a few weeks. Other jobs which are expected to last a short time continue for a much longer period or lead to other long term jobs. Taking account the tenure of other employees can be similarly misleading. These problems lead us to believe that it is best to have a program in which participants are able to return to the program provided that they have not left a suitable job without just cause to insure that participants will be able to earn a steady income regardless of the unsteadiness of the job market.

Q. The bill implies that disqualification occurs when a participant turns down the first job offer. What would be the implications of providing for two or three turndowns before disqualification?

A. Disqualification occurs when a participant turns down the first suitable job offer as currently determined by the work incentive program. If we allowed participants to turn down one or two suitable jobs without disqualification, the demand for subsidized activities and thus the cost of the program could increase substantially.

Q. The bill allows a participant to turn down a job when "the conditions of work or training are unreasonable... because of the hours of work, geographical location, health or safety conditions, or similar factors." The emphasis here is on the conditions of work. Would it be appropriate to also protect the participant when his or her personal characteristics, such as personal health, physical capability, and level of skill and experience, make the job unreasonable?

A. The bill allows a participant to turn down a job when "the conditions of work or training are unreasonable for such individual because of the hours of work, geographic location, health or safety conditions or similar factors;" This includes conditions of work or training which are unsuitable due to characteristics of the person such as personal health and physical capability.

Senator **Nelson**. Next we will have a panel of witnesses, Dr. Eli Ginzberg, chairman, National Commission for Employment Policy; Sar Levitan, director of the Center for Manpower Policy Studies, the George Washington University; and Mr. Willard Wirtz, chairman, National Manpower Institute.

Now, if you gentlemen would identify yourselves for the reporter, so the record will be accurate when you speak.

STATEMENT OF ELI GINZBERG, CHAIRMAN, NATIONAL COMMISSION FOR EMPLOYMENT POLICY, AND DIRECTOR, CONSERVATION OF HUMAN RESOURCES, COLUMBIA UNIVERSITY; SAR LEVITAN, DIRECTOR, CENTER FOR SOCIAL POLICY STUDIES, THE GEORGE WASHINGTON UNIVERSITY; AND WILLARD WIRTZ, CHAIRMAN, NATIONAL MANPOWER INSTITUTE

Mr. **Wirtz**. Willard Wirtz, chairman of the board of the National Manpower Institute in Washington.

Dr. **Ginzberg**. Eli Ginzberg, chairman of the National Commission for Employment Policy, and director, Conservation of Human Resources, Columbia University.

Mr. **Levitan**. Sar Levitan, George Washington University. I am director for the Center for Social Policy Studies.

Senator **Nelson**. Thank you.

Do each of you have a prepared statement? All right. Your statements will be printed in full in the record.

All right, who will start?

Dr. **Ginzberg**. Well, I always take orders from Bill Wirtz. He said I start, so I'll start.

I will remind you, Senator Nelson, that Senator Williams, you and I, were at Camp David together and there was that discussion up on the mountain last summer about how to take a position with respect to youth unemployment within what was then an inflationarily dangerous situation. I pressed the belief very strongly on the President at that time that inflation should not be the excuse for forgetting about the youth problems. Of course, I thought the youth problem was going to be, if we didn't attend to it now, an increasingly and cumulatively dangerous problem that would really gnaw at the vitals of our society. I asked him to please find a little additional money for youth, no matter what he did and how cautiously he proceeded on the rest of the budget.

I still believe that is a correct position. I listened very attentively this morning, and if I had to choose, I would surely hope that Senator Javits' approach, which is to cut across the board a certain amount of money from all programs, which would first include the new youth initiative in, and then maybe reduce the amount of money for all projects, rather than leaving the new youth initiative out, would be a preferred way to go.

Senator Javits, I just said I voted with you in terms of the desirability of not leaving the new youth initiative out, but if everybody got cut a little bit that would be best.

I do believe that it is very important to try to link this education and employability problem and job securing for disadvantaged youth much more closely together. We have some opportunity now with the PICS finally getting operational, and I would say that the

Federal dollars, to the extent that they could stimulate and encourage local coordination, are absolutely critical.

I have been out to the field three times this year in the last few months, once on the west coast, once at Tuscon, and once in Puerto Rico. I believe that the efficiency of the Federal dollars have been very adversely affected up till now because of the slippage among these three parties—employers, education, and the primes. So that anything you can do to use old and new dollars, which would encourage a more effective cooperation at the local level, would be highly desirable.

Third, I would say that when the National Commission presented its outline of the report to the President on November 1, and Secretary Marshall was there with the President, we stressed very strongly that it was better to give more services to a relatively smaller number of people than to keep spreading the Federal dollars among so many that it would not effectively change the circumstances of the people participating. So that we have been impressed—we spent 1½ years in the Commission looking at the Job Corps and all the other programs. We have been impressed with the Job Corps. I would like to stress another group that really has not been paid attention to enough, although Secretary Marshall mentioned them this morning, and that is the young teenage mother who falls out of school and who goes on to welfare. Unless one does something early to make it possible for a young woman to go back and get her educational credentials and give her some help into the labor market, you buy 40 years, I think, of cost to the Federal Government. So I would be very much in favor of trying to prevent these young girls, young women, from just being pushed out of society because they happen to have an out-of-wedlock child.

It looks to me that the option that the Congress faces in a very difficult inflationary period is simply to ask the question: "Where will we be if we don't do something special for youth?" I would say I think we would be worse off.

The last discussion that was had about investment in youth I think is a correct approach, and nobody will convince me that the dollars that are being spent, the few additional dollars that the President is asking for, which come to $100 million of outlay in 1981, will have any significant effect upon our inflation. I think it's very important not to lose this opportunity to get this new legislation on to the books, and it won't have any effect in terms of outlays until 1982, and I would say at that time I hope we will be able to absorb it.

Thank you, sir.

[The prepared statement of Dr. Ginzberg follows:]

Summary of
Testimony by

Eli Ginzberg
Chairman
National Commission for Employment Policy and
Director
Conservation of Human Resources, Columbia University

before the
Senate Committee on Labor and Human Resources
Subcommittee on Employment, Poverty
and Migratory Labor

March 5, 1980

Mr. Chairman and Members of the Subcommittee:

I welcome the opportunity to testify before this distinguished subcommittee both in my governmental and university roles. I am attaching to my statement the 22 recommendations of the Fifth Annual Report of the National Commission for Employment Policy on Expanding Employment Opportunities for Disadvantaged Youth. The Commission devoted 18 months to a thorough exploration of this complex issue.

I am singling out below my personal assessment of the most important findings and recommendations from this extended study, as well as from my 40-year research into human resource development and utilization issues, much of which has been concerned with youth. The May issue of Scientific American is publishing an article of mine on youth and unemployment.

1) Youth unemployment is not a serious problem for the majority of young people. Most white youth have little or no difficulty in making the transition from school to work.

2) The nub of the youth unemployment problem relates to disadvantaged youth --those who drop out of school or who graduate without literacy and numeracy. A disproportionate number of such youth are members of minority groups.

3) In my view the high school is disfunctional for many non-bookish youth. They need the opportunity to be exposed to the world of work surely by age 16, preferably before. Such opportunities require the cooperation of local business and labor. The PICs offer some hope. So do the youth proposals of the Administration, which I strongly support, which will encourage improved linkages among the schools, employers, and CETA.

4) Among the most disadvantaged youth are women who because of pregnancy and birth of a child are forced to leave school before acquiring their diploma. Unless they are assisted to complete their education and helped to get jobs, they are likely to be indefinitely on welfare.

5) The Federal Government, especially if it follows the recommendations of the Administration, will appropriate sufficient money to make a difference and help disadvantaged youth make the transition into a regular job but only if local leadership —business, labor, and education play an active role. The Federal Government can make money available; only local efforts can help the disadvantaged with real jobs.

6) With many youngsters truant at age 12 or 13 the urban schools must provide appropriate alternative remedial educational opportunities. In the U.S. economy of today and tomorrow, with 3 out of 4 jobs in services, young people without literacy and numeracy are doomed to a shrinking number of jobs with low pay and unsteady employment.

7) The Administration's proposals stress accountability, both for those who spend federal funds (the primes) and the youth who receive them. This is critical. The Federal Government must see that the new money it makes available --as well as the old money going to youth --has a real payoff.

EXPANDING EMPLOYMENT OPPORTUNITIES
FOR DISADVANTAGED YOUTH

Recommendations of the National Commission
for Employment Policy to be included
in the Commission's *Fifth Annual Report*
to the President and the Congress

I. EXECUTIVE SUMMARY

Goals

Given high and rising rates of unemployment, especially among minority youth, and the cumulative deficits which are often produced by growing up in a low-income or minority family and community, the Commission recommends that the nation make a new commitment to improving the employment prospects of disadvantaged youth. More specifically:

- The President and the Congress should identify the employability and employment problems of disadvantaged youth as a domestic issue of critical importance to the future well-being and security of the nation and pledge that the federal government and the nation will devote the resources and efforts necessary to its amelioration.

- While the federal government should take the lead role, state and local governments, business, labor, education, and community based organizations must undertake substantial responsibility for improving the employment prospects of disadvantaged youth. The local leaders of all of these organizations should make a new commitment to work together on ameliorating the problem, and local employers should be fully involved in helping to plan and implement these efforts.

- Federal resources should be targeted on youth most in need. While there is no simple way to identify this group, those youth most at risk come from low-income families, are members of a minority group, or live in areas with high concentrations of low-income families.

- The major objective of federal education, training, and employment programs for youth should be to improve the long-term employability of these youth; that is, their basic education, work habits, ability to absorb new skills on the job, and other competencies which will permit successful integration into the regular work force.

Elements of A Youth Policy

The Commission believes that any new set of policies should be based on the following set of principles:

- Youth unemployment should be viewed principally as a structural problem and long-term solutions sought. Nevertheless, there is no question that sustained high levels of employment are an important precondition for substantially improving the labor market prospects of disadvantaged youth.

- Remedying the educational deficiencies of disadvantaged youth must be high on the nation's agenda. Without basic literacy skills, youth are unable to take advantage of further education or training and will be permanently consigned to the bottom of the economic and social ladder.

- Our nation should renew its commitment to eliminate racial discrimination and cultural stereotyping in the labor market. In particular, all of our institutions must be involved in creating a new environment of trust and confidence between those who come from different backgrounds so that access to good jobs and treatment on the job are based on performance alone.

- Youth themselves must be more fully involved in improving their own employability and must make greater efforts to meet the perforance standards set by our educational and employing institutions. To encourage disadvantaged youth to do so, these performance standards must be clearly articulated and greater rewards for success in meeting them provided at each stage of the employability development process.

- Employment and training programs should be carefully targeted to provide second chance opportunities to those youth, who for reasons of family background, poor schooling, or race, are likely to be permanently handicapped in the labor market. These programs should be restructured, where necessary, so as to have a cumulative impact on the long-term employability of participants.

- There must be a new emphasis on moving those disadvantaged youth who are ready into unsubsidized private and public sector jobs. While sheltered experiences may be appropriate at various stages in their development, the ultimate goal should be to create opportunities for them in the regular labor market. The federal government should consider using a variety of expenditure, tax, and regulatory powers to achieve this objective.

Specific Recommendations

The specific recommendations which the Commission believes would implement these principles follow:

To provide adequate job opportunities:

(1) In the event that the unemployment rate rises substantially, that is to 7 percent or higher, and more particularly if it stays at such a high level for a sustained

period, Congress should expand funding for priority national goals such as energy conservation. In so doing it should stipulate that private firms which obtain contracts to further these goals must hire a percentage of disadvantaged youth and adults who are designated by the Job Service or by CETA prime sponsors as being ready to work.

To improve basic educational competencies:

(2) The President and the Congress should support new funding for compensatory education in the secondary schools. These funds should be used to improve the basic skills of young people from disadvantaged backgrounds, through well-funded, intensive programs involving special tutorial efforts, extra after-school sessions, alternative schooling opportunities, compensatory education linked to occupational training, and in-service training for teachers.

The effectiveness of Title I of the Elementary and Secondary Education Act in the elementary schools must not be jeopardized by a reduction in funding at this level. What is needed is a comparable program at the junior and senior high levels (a) to sustain the positive effects achieved at the elementary level and (b) to provide a second chance for those not adequately served at the elementary level.

(3) To encourage a partnership with other local institutions, a portion of the new compensatory education funds recommended in (2) should be set-aside for allocation on the basis of close consultation between the schools and CETA. This would be comparable to the 22 percent set-aside under the Youth Employment and Training Program which should continue to be allocated on the basis of such consultation. The new set-aside would encourage additional joint efforts on behalf of CETA-eligible youth and might lead to the development of more alternative schooling opportunities.

(4) The Secretary of Education should be provided with special funding to collect, integrate and disseminate information about exemplary programs, such as the adopt-a-school programs in Oakland, Baltimore, and Dallas. While schools must retain flexibility to deal with local conditions, what has been learned about effective ways of motivating and assisting disadvantaged youth to acquire the basic skills should be mobilized to promote wider sharing and adoption of the successful models.

To broaden opportunities for minority and female youth:

(5) The EEOC should encourage companies with overall low minority and/or female utilization to improve their utilization

by hiring job-ready youth from inner-city schools or those trained through CETA programs.

(6) Education, vocational education, and CETA programs should be implemented in ways that will broaden the occupational opportunities of young women from disadvantaged backgrounds.

(7) Teenage mothers should be treated as a high priority group in both WIN and CETA and their child care and income needs should be fully met, with no diminution of support under AFDC when they participate in an education or training program.

To link performance to rewards:

(8) Schools and prime sponsors should be encouraged or required to establish local performance standards and disadvantaged youth who achieve the standards should be rewarded with entrance into a more generously stipended program or with a job opportunity. Those who fail to meet the standards should be given second chance opportunities, whenever possible.

(9) Prime sponsors should encourage the Private Industry Councils to obtain specifications from employers about the criteria they use in hiring young people, and, to the greatest extent possible, secure commitments from them that young people who meet their requirements will have a job opening when they leave school or a training program.

To improve employment and training programs:

(10) The Administration should request, and Congress should enact, a consolidated youth title under the Comprehensive Employment and Training Act, the principal goal of which should be to improve the employability of economically disadvantaged youth ages 16 through 21.

(11) The Department of Labor should encourage CETA prime sponsors to invest substantial funds in remedial programs for the most disadvantaged, even if this increases costs per individual and results in a smaller number being served.

(12) The Job Corps should be maintained as a separate program, and once current enrollment limits are reached, the program should be further expanded.

(13) The Congress should designate the eligible population under the new consolidated youth title as all youth from families in which income was at or below 70 percent of the Bureau of Labor Statistics lower living standard.

(14) Prime sponsors should be permitted to utilize up to 20 percent of their funds under the youth title to assist youth who do not meet the income requirement but nevertheless face substantial barriers to employment.

(15) The majority of the funds for the consolidated youth title should be distributed by formula to local prime sponsors. However, a sizeable portion should be set aside for supplemental grants to areas with high concentrations of low-income families and another portion should be reserved to the Secretary of Labor to reward superior performance or to fund innovative programs, particularly those of an interdepartmental nature.

(16) Congress should provide for forward funding, a five-year authorization and additional emphasis on staff development under the new youth title.

To move disadvantaged youth into regular jobs:

(17) Short-term, subsidized work experiences in the private sector should be permitted under CETA with safeguards to insure that employers do not misuse the program and that the youth are provided with a carefully structured and supervised learning experience or training opportunity.

(18) The President, with advice from the Office of Personnel Management, should consider making youth, who have successfully completed a CETA program involving experience in a federal agency, eligible for conversion to entry level positions in the career service on a noncompetitive basis.

(19) The President should direct the Secretary of Defense to review the experience of Project 100,000 during the late 1960s which was successful in recruiting and providing special training for 246,000 young men who did not meet the regular qualifications.

(20) When the various pieces of legislation that authorize grants-in-aid are being considered for adoption or renewal, the Administration and the Congress should consider writing in provisions that would encourage or require that the grant recipients employ a specified percentage of disadvantaged youth who are referred to them as job ready by either the Job Service or the CETA prime sponsor.

(21) The President should direct the Office of Management and Budget, with the assistance of other appropriate agencies, to determine whether and how the procurement process might be modified so that there would be new incentives for employers to hire structurally unemployed adults and disadvantaged youth.

Finally, to insure long-term cumulative progress in improving the employment prospects of disadvantaged youth, the Commission recommends that:

(22) Congress should review annually the extent to which the gross discrepancies in the employment to population ratios and

the unemployment rates for minority youth relative to white youth and adults are narrowed as a result of implementing the foregoing recommendations. In the absence of substantial and continuing progress in narrowing the gaps, the Administration and the Congress should seek to fashion revised and new programs which hold greater potential to ameliorate the present intolerable situation where our society has no regular job opportunities for many young people who come of working age.

Senator NELSON. Thank you.

Mr. Levitan, you may proceed.

Mr. LEVITAN. I always try to agree with Professor Ginzberg, and I will agree with him today, too. This is not the time to overhaul the Youth Employment and Demonstration Projects Act, passed only 2½ years ago. YEDPA actually has been in operation for only 18 months.

I believe in light of the conversation we have heard here today, the chances are that there will not be much more money, if any at all, for youth programs. Senator Javits already has suggested that the programs seem to be working. I am also told unofficially, by the administrator of the youth program, Dr. Robert Taggart, that they are working. I happen to know him very well, and I've no reason to believe that he is wrong. Therefore, I think the best thing right now is to continue with the programs as they are.

I am not passing any judgments about adding or subtracting money. I hope there will be at least as much as there is right now. I think that the 22-percent set-aside is worthwhile, and should not be tampered with. As I talk to some prime sponsors, their staff directors, and others around the country, I hear that this uncertainty is damaging to the program. It's very important that we realize that the program was enacted only 2½ years ago, and some initiatives have been on board for much less time.

I think there is a general shortcoming in the way we have treated many programs. We keep on switching and changing before we give them any chance to work. I don't think this is the time to change YEDPA, particularly since there are not likely to be any additional funds for the new initiatives that the preceding witnesses have been speaking about.

Reflecting on my interest with labor force statistics, I think it is rather important that we pay more attention to the data that are being published by the Bureau of Labor Statistics. Regrettably, the numbers we use as far as youth unemployment programs are concerned are very frequently misleading. The BLS does not mislead us, but the problem is in the way we use their statistics.

When we bandy around youth unemployment rates as being at 16 percent—or up to 40 percent for certain groups in the population—we do not take into consideration that a great many of these youngsters are in school. We cannot tell, for example, how many of these youngsters are full-time students and how many are full-time unemployed—that is looking for, say, 40 hours of work per week but unable to find a full-time job.

We need more precise statistics on the youngsters who are in school or out of school. Given the way we are measuring the labor force, the statistics are of limited use for policy purposes. We count the young student out looking for a few hours work as unemployed, but at the same time a youngster who has dropped out of school and who has become so discouraged that he or she is no longer looking for work is not even counted as unemployed or in the labor force.

In addition to that, what these statistics emphasize too much is only the number of bodies that are employed, unemployed, or not in the labor force. These are not necessarily meaningful figures. At the same time we pay minimal attention—if at all—to how they make out in the labor force. How many of these youngsters are, let's say, working full time but still have low wages and household incomes that place them in destitution? This is what we need to know to form good policies. A great deal of the debate right now is misleading because the statistics we are using are imprecise or focus on the wrong things.

I would like to point out some of the things that we have learned from YEDPA and other programs. I will list seven points.

One: Compensatory education has worked in spite of the earlier studies on these programs. More recent surveys seem to indicate there is a payoff in compensatory education, and, therefore, it should be encouraged. If there is any money at all, I think that compensatory education should be extended to secondary schools.

Two: The evidence indicates that the Job Corps is a place of last resort for youngsters who are living in a debilitating environment. It has worked, and the present expansion that the President has suggested, and that Congress has already approved for last year, is to be encouraged.

Three: We ought to place greater stress on options available to youth. We are not doing enough about the transition from school to work. I favor the maximum freedom that we give to youngsters to provide them with options concerning college, the military, civilian work, or whether they mix several paths. However, in connection with compensatory education, there ought to be more emphasis on trying to channel youth into their productive work roles.

Four: The minimum wage is not the culprit accounting for youth unemployment. There has been a great deal of talk that youth unemployment would be resolved, or greatly alleviated, if we didn't have the minimum wage. There is really very little evidence supporting that. Despite the Milton Friedmans of the world, the econometric evidence indicates that youth unemployment would still be a very serious problem even if there was no minimum wage.

Five: Dr. Ginzberg has touched on this. We ought to do something about teenage pregnancies. I realize it's an emotional problem, and it's one that is politically difficult to deal with. Even if the birth is in wedlock, the chances are high that one—or both—of the young parents will leave school. At a very young age these teenage parents will in all probability be faced with problems that can have a negative impact on the rest of their lives.

I think that a great deal can be done at least in the schools to help these teenage mothers and fathers. About 10 percent of young girls give birth to a child in their teenage years, and half of them are out of wedlock. It's an emotional problem that is difficult to deal with in the political arena, but it is more important than any we have discussed so far.

Six: We have to pay more attention to full employment. The fact is that in tight labor markets youth unemployment declines. Youth unemployment responds as well as any other group to the tight labor market.

Seven: Also, as we talk more and more about the military registration and a possible draft, we ought to be sure that we avoid establishing a national youth service. I think Secretary Wirtz might disagree with me on that, but I believe this point is worth mentioning.

Senator **Nelson**. When you say a national youth service, you're talking about a compulsory national youth service program?

Mr. **Levitan**. No; I'm also talking about a voluntary youth service program which I don't think would serve a useful purpose. We should maximize the freedom of youngsters to either go to school, enter the military, join the civilian labor force, or any other options that would lead them to useful adult careers.

A youngster who is 6 feet 10 will do more for the gross national product if he plays college basketball than if he joins a national youth service. Or a youngster who can play the fiddle would be better off by starting a career in music than in a national youth service. I think we ought to maximize the options available to youth and not spend additional funds on either a compulsory or voluntary national youth service. As indicated by such programs as the Peace Corps and ACTION, there is no great demand for these types of programs. The Peace Corps was a program offering a grand tour for youngsters, most of whom came from better colleges. If we have limited resources, then we should concentrate on those youngsters whose need for help is the greatest. For the majority of youngsters, we are providing plenty of options in the United States including college, military, all sorts of postvocational schools, and simple work, which we should not forget.

[The summary statement and background paper of Mr. Levitan follow:]

Summary of Testimony by
Sar A. Levitan
Center for Social Policy Studies
The George Washington University

Before

United States Senate
Subcommittee on Employment, Poverty and Migratory Labor

March 5, 1980

FACING UP TO YOUTH PROBLEMS

A. Is youth unemployment as grave a problem as government statistics indicate?

1. A matter of definitions.
2. There is a consensus that for minority and poor youths a grave job deficit will continue in the 1980s.
3. Still the statistics that are bandied about can be misleading.
    a. Comparison of blacks with whites.
    b. For policy formulation we need measurements that would link employment with earnings which would pinpoint economic hardship.

B. Lessons we should have learned.

1. Compensatory education from childhood to adulthood--There is a pressing need to extend compensatory education to secondary schools.
2. Providing residential facilities--The Job Corps does work by offering credentials and a dose of the three R's.
3. Transition from school to work--We seem to stress options available to youth, ignoring needed assistance for transition from school to work.
4. Role of military--As long as we have peace, fragile as it may be, the military should exercise greater social concern for the training needs of non-college bound youngsters.
5. The minimum wage is not the culprit accounting for teenage unemployment or inflation--the pronouncements of Milton Friedman notwithstanding.
6. Teenage pregnancies--Granted that it is an emotional problem, public policy should show greater concern about teenage pregnancies, in or out of wedlock. There are two prime concerns: the care of the children and helping the young mother to function productively either at school, work, or in the home.
7. Full employment--Finally, the usual catechism about full employment deserves mention. Evidence shows that youths are almost as responsive to tight labor markets as adults,

although fiscal and monetary policies alone will not solve problem of youth unemployment. They need services, jobs, and income.

C. Danger of going in the wrong direction--national youth service.

1. Let's give youth maximum options.
2. Pluralism is to be cherished, and most youths find their niche in the labor market without government intervention.
3. Experience with Action and the Peace Corps does not justify the expansion of a national youth service. There just were not enough volunteers to justify a new program. Also, other programs could better achieve our social goals.

D. A comment about pending youth legislation.

1. Given current administration and congressional striving for tighter budgets, this is not a propitious time for attempting to overhaul the Youth Employment and Demonstration Projects Act.
2. While agreeing with the thrust of the proposed legislation, which focuses largely on organizational and management issues, it is not at all clear that the costs of instituting the changes would exceed the anticipated benefits. The innovations advocated by the administration will have to await another day when funds will be available to implement them.

WHAT SHALL WE DO FOR (OR TO) OUR YOUTH IN THE 1980s?

by

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An Abundance of Youth

The 1970s may be identified as the teenage decade. Society has found it difficult to cope with, or to find suitable activities for so many youths. Jobs and chores for which teenagers are traditionally hired have been disappearing in an urban society, particularly in crowded inner cities. While the American economy has been generating an unprecedented number of new jobs during the latter part of the 1970s, it has not created enough employment opportunities for inexperienced and frequently deficiently educated youth. And many jobs suitable for youths have been filled by their mothers and older sisters or by new immigrants who frequently enter the country illegally.

Even in the 1970s what we usually referred to as the youth problems centered on only a small proportion of teenagers. Most youths learn to read, write and add some numbers in school. They get credentialed and graduate into either self-support or motherhood and family dependence. The transition may not always be smooth, but the obstacles youths encounter are surmountable and most of them make adjustments to the impediments they meet. By the time they reach early adulthood, most find a niche in society.

Since there consistently has been a scarcity of jobs for youth, society has found it easiest to keep teenagers otherwise busy by inducing them to stay in school longer. The vast majority of teenagers are enrolled in schools. For male teenagers who leave school, the obvious option outside of a civilian job has been the military which offers a substitute for schools as an aging vat. But many youths--the precise number depends upon definitions, counting methodologies, and who is doing the estimating--remain outside the socially accepted options of school, jobs, homemaking, or the military. The latter option, with few exceptions, is foreclosed for females; leaving them with the choice of either continuing with school, as most of them do, or finding a job. Of course, females have the age-old option of motherhood as a substitution for school or employment. In earlier days, this option was exercised formally with the blessing of either church or state. During the 1970s, nearly one of every ten females age 16-19 has opted for motherhood, including about 250,000 out of wedlock births, creating in many cases acute adjustment problems.

Finally, the government has been making attempts to offer some youths a second chance by providing them training and employment opportunities. These efforts are geared for teenagers who have failed in or have been failed by schools and have not acquired skills preparing them for gainful employment and a productive niche in society.

In the 1980s, the preoccupation with the problems of youth is likely to diminish. In the first score years following World War II, American families followed the biblical admonition of being fruitful and multiplying. Since the early 1960s, this urge has been on the wane. By the 1970s American females have annually given birth to about a million less children than their older sisters or mothers did. Consequently, the number of teenagers is going to decline in the 1980s, but the number of their grandparents is going to increase as the oldsters continue to live into riper old age. As their numbers increase, the aged will demand increasingly larger proportions of societal products, leaving less for the youngsters.

The experience of the 1970s has shown that the increase in the teenage population raised youth-related problems in geometric progression. Therefore, we may anticipate that the decline in teenagers will have the reverse impact. An optimistic scenario would indicate that as the number of working mothers continues to increase, the rising income of families will adequately provide for the decreasing numbers of children in the households. Society will continue to give them a longer and, hopefully, better education. And female headed families will be even better able to provide more adequately for their offspring as the mothers' earnings become more equal to their male counterparts.

The Problems Persist

It may be premature, however, to hope that the problems of the youth will wither away in the 1980s as their numbers diminish. The declining number of children and teenagers in the 1980s will no doubt relieve pressures on family exchequers as well as governmental budgets, particularly at the state and local levels. But if the developments of the 1970s continue into the next decade, then we might fully expect that the problems of youth will continue to demand societal attention, albeit that youth will have to compete with senior citizens and other groups for the limited resources.

Existing private and public institutional arrangements should prove adequate to provide for the rearing of children and their transition to economic independence through work or by assuming homemaking responsibilities. But a number of notable cracks in these institutions forbode problems for the future. The number of children and youth may be declining, but the aggregate numbers may be misleading as far as future societal problems are concerned. Nearly one of six families with children is headed by a woman, and the number of broken homes is on the increase. The rising number of divorces indicates that a significant number of children and youth will be supported by one parent and, in most cases, this is the mother. According to one estimate, one of every four children born in the 1970s will be dependent sometime for support upon its mother. Since female earnings remain below that of men, even if they have the same skills and education, this raises the specter that an increasing number of youths will be brought up in economic deprivation.

Moreover, the decline in birthrates is not distributed equally by economic status or race. The old adage, "and the poor shall have children," continues to hold true. For the sake of precision the old saying might be amended in less elegant language to state that while all of society is having fewer children, the poor still are more fertile than the rich. Since the blacks are proportionately overrepresented among the poor, it should not be surprising that their birthrate has not declined as rapidly as that of the whites. And the large streams of immigrants, many of whom are characterized by illegal residence status and high fertility rates, will place additional burdens upon the welfare state in the 1980s.

A few statistics may help illuminate the problems that we are going to face in the 1980s. During the preceding decade, the white population age 14-24 years increased by 7.8 percent, while the black population in this same age group increased at nearly three times that rate. By 1990, it is expected that the numbers of both whites and blacks in that group will decline, but the anticipated 12 percent decline among whites will be more than double that of blacks. The changes for teenagers will be even more pronounced. The number of 16 and 17 year old whites increased during the 1970s by 2 percent and it is projected to decline by nearly 12 percent during the next decade. In contrast, the number of blacks in the same age bracket rose by 18 percent during the past decade and is expected to decline by 3.6 percent in the 1980s.

A Question of Counting

It is difficult to determine the number of youths who cannot navigate in the mainstream. The characteristics of those who get stranded on the shores are never clear and are frequently arbitrary. Futhermore, different measurements are needed for different groups of youths. Also, policymakers have to make the tradeoff between limiting eligibility to the most needy (and thereby segregating the programs to the poor) or liberalizing coverage (thereby possibly denying those with prime claims access to the programs).

Unfortunately, the necessary data are rarely available for policy decisions. And when they are available, they are frequently not brought out in public discussions. Two cases will illustrate this point.

Advocates of expanding programs to aid poor youth make the case that black or other minority youth need special help because of their disadvantaged positions compared with that of whites. There is no question that too many black youths suffer from deficient education, poor preparation for work and high unemployment compared to white youth. But the differentials are usually exaggerated by comparing data on a racial basis when, in fact, the comparison should be made on an economic class basis. Blacks are concentrated in the lowest quintile as far as income is concerned. Therefore, when blacks are compared to whites the comparison is made between a population concentrated in the lowest quintile with an above average income population represented by the whites. Clearly, such comparisons tend to exaggerate the problems of blacks relative to the rest of the population. It also tends to perpetuate misconceptions of black inherent disadvantages. More appropriate comparisons should be made between whites and blacks in the lowest quintile. These would still show that blacks are more disadvantaged than whites, but the differentials would be diminished. Programs in aid of disadvantaged youth would then lose much of their racial overtones. But policymakers and analysts have found it more convenient to stress racial rather than economic differentials.

Another deficiency of the statistics on which policy is made concerns employment and unemployment data which frequently ignore family economic status or other relevant characteristics. For the purposes of training, job placement, or job creation, the economic position of the family may be crucial. The need is to link employment with income. But too frequently policy is made just on the basis of labor force status. Such measurements were adequate before the flourishing of the welfare state when unemployment was properly equated with economic hardship. But the expansion of income support programs and multiple earners in nearly three of every five families has obliterated, although not completely wiped out, the relationship between unemployment and economic need. On the other hand, many individuals, including heads of families, work full-time, year-round, but they and their dependents may still live in poverty, either because of low wages or because the wage earners are responsible for the support of large households. For youths the relationship between labor market status and economic hardship is much more tenuous. Moreover, there are persuasive reasons to believe that the youth employment and unemployment data are becoming increasingly unreliable.

A recent congressionally mandated commission appointed to study the state of labor force statistics urged the development of linking employment and income statistics. Congress has also mandated the Secretary of Labor to design such measurements. It may therefore be anticipated that the linking of employment with income will be advanced in the 1980s.

Lessons We Have (Or Should Have) Learned

The deficiencies of the statistics notwithstanding, it is clear that significant proportions of the youth population need assistance and governmental intervention if they are to function effectively in society. Based on the experience acquired under the social programs that were initiated by the New Deal, accelerated by the Great Society, and have evolved through the 1970s, it is reasonable to assume that some of these efforts should and would continue into the 1980s. It is assumed that the family and existing institutions are adequate and meet the needs of the vast majority without added governmental help. But, to help those who experience difficulties, the recent track record of these programs is worth examining. The most important to consider, either because they indicate promise or because they should be avoided, include improvements in compensatory education, training and job creation, and provisions for teenage mothers.

Compensatory Education

Improvement in the quality of schooling seems to offer a fruitful start. Children and youth from poor homes, and again particularly members of minority groups, are behind in school. Whatever education they do obtain is inferior to that received by school enrollees coming from more affluent homes.

Societal response to these educational shortcomings has been to offer children from poor and minority homes compensatory education. Finding that children from poor homes are "retarded" by the time they enter school and continue to lag behind their peers, the architects of the Great Society decided to give children from poor homes a head start by providing pre-schoolers with a "prep" course before they entered elementary education. Early attacks on these efforts have proven premature. Children from poor homes who were enrolled in Head Start and then received additional special attention as they entered elementary school showed improvements in cognitive development. This suggests that intensive programs, beginning before regular enrollment in school and continuing several years thereafter, can improve the learning of children from poor homes.

For those already in school, the Great Society made provisions to fund schools, mostly in low income areas, to improve compensatory educational opportunities for poor children. The results showed again that children from poor homes benefited by the special educational attention they received in schools. But most of the compensatory efforts were expended in elementary grades. There is increasing evidence that similar programs could also help students in the secondary school. Given budgetary stringencies, the three successive federal administrations in the 1970s failed to press for the expansion of such help. But states and localities could do more in this area than they have done in the past. As the number of children attending school is declining, some of the "savings" resulting from a declining enrollment could be allocated to the expansion of compensatory education at the secondary school level.

Training and Job Creation

The federal government has also made efforts during the 1960s and 1970s to improve training opportunities for non-college bound youngsters. Special efforts were made to gain entry for minority youth into building trades and other occupations with apprenticeship training from which they were excluded. To open the doors for minority youth, the goverment fought discriminatory policies and funded special programs that would qualify minority youth for the apprenticeship programs.

Another effort made by the government was to provide residential facilities for children from impoverished backgrounds. The idea was to remove the youths from debilitating environments and place them into residential centers. There, they would be offered an opportunity to acquire a basic education as well as training to prepare them to compete in the labor market. Experience has shown that youths who remain in Job Corps centers for a period of six or more months do improve their opportunities to compete effectively in the labor market. In some cases, employers and unions use the Job Corps centers as screening institutions. For many, a successful stay in the centers led to entry into apprenticeship programs for further skill training. This provides special motivation for other youths to stay on in the centers. The government thus combined the training facilities of the centers together with its antidiscriminatory policies in order to improve the employability of youngsters from poor homes.

But the government could not control the racial mix in the Job Corps because black and other minority youth lacking other options found the centers more attractive than their white peers did. As the number of blacks who were attracted to the center increased, white youth stayed away. As a result, contrary to the governmental intent, many of the Job Corps centers became segregated facilities. But segregation notwithstanding, the Job Corps centers proved effective in improving the employability of youngsters from poor, and particularly minority, homes.

A related effort was to place youth from poor homes in private sector jobs. But even when the government was ready to pay the salaries, private employers found it difficult to absorb the youths. This was especially true of employers paying above average wages who had no difficulty attracting adult applicants. The government subsidy was therefore of limited appeal to them or it was used to employ adults.

The next step was to offer employers tax incentives to hire, train and retain educated or handicapped youth from poor homes. Initial tax incentives were minimal and largely limited to public assistance recipients. Whether the more liberal tax incentives initiated in 1978 will offer greater attraction to employers to hire what has become known in the parlance of the trade as disadvantaged youth remains to be seen. Employers have always hired youngsters from poor homes who have less than a high school degree--including members of minority groups. Therefore, the issue is whether the tax incentives will be a windfall for employers or whether they will induce the hiring of persons whom the employers would otherwise disqualify. The tax incentives could be justified even if they do not generate new jobs but only induce employers to reshuffle their hiring preferences. Further experimentation and evaluation is needed before judgment can be passed about the role of private employers in the training and employing of deficiently educated and unskilled youth.

A related training program which is frequently overlooked because it is outside the welfare programs, is the military. The armed forces are the most important single employer of youths annually absorbing about a third of all noncollege bound males. The military spends three times as much on training as is spent by federal training programs intended to help the disadvangated and the unemployed. But it has not helped the hard-pressed youth as much as it could. Initially, after it began depending on all-volunteer personnel, the armed forces tried to maintain stringent qualifications which eliminated many deficiently educated and unskilled youth who had no other opportunities. Also, the military discriminated against the induction of females.

Unless Congress determines to reinstitute the draft, the military will have to show greater flexibility in attracting personnel. The armed forces are now between seasons, and the hope is that the United States will not be required to resort to military force in the 1980s. But in this uncertain world, the United States cannot afford to let down its guard. As long as the military depends upon volunteers, service in the armed forces can be made more attractive by broadening the scope of training so that it would be useful, not only for the military, but also when an individual returns to civilian life.

The military can also attract additional personnel by reducing discriminatory policies against inducting females. Most of the military occupations do not require great physical stamina. Females should be able to perform the duties as well as men in most military occupations. One recent study suggested that only one-sixth of total military personnel are in occupations which cannot be duplicated in civilian life. The military would go a long way in filling its needed personnel quoatas by opening the door to females.

Youth Unemployment in Good Times

All the training is not going to fill the job deficits that have plagued youth during the 1970s, particularly black youth. The way to reduce youth unemployment (and adult unemployment) is to create more jobs. During the 1970s, as youth unemployment remained a persistent problem, the myth has been created that the overall state of the labor market has limited or no impact at all on teenage employment. This myth is due partly to the increasingly questionable accuracy and meaning of youth unemployment statistics in the 1970s. As the years of schooling lengthen and as more mothers are working, an increasing number of youths have only a marginal attachment to the labor force. Some of these may nonetheless by counted in the labor force. Others have reasons not to disclose to the friendly government enumerators their true labor force status either because of the nature of their activities or because the family transfer payments may depend upon their claims of being idle and seeking work.

Nonetheless, youth labor force statistics, whichever way they are measured, seem responsive to labor market conditions. Possibly some youth who were engaged in the subterranean economy find legitimate work when jobs become plentiful. The fact is that during the 1960s when we last experienced tight labor markets, teenage employment plummeted down to acceptable levels, at least for white youth. The unemployment rate of 18 and 19 year old white males declined to a respectable 8 percent in 1969 from 14 percent six years earlier, even while the labor market was absorbing the initial deluge of post-World War II babies.

Lest we think that the decline was all due to the draft and the war in Vietnam, we should look at the number employed in civilian jobs. These show that the number of employed 18 and 19 year olds rose by half a million, or 40 percent, during the same period. Young females who were not directly affected by conscription also fared better in the labor market. The number of employed 18 and 19 year old white females rose by 50 percent to 1.5 million, and their unemployment rate declined from 13 to 10 percent.

The unemployment rate for black youth, as counted by the Current Population Survey, appears to be much more intractable. It did not melt away in the glow generated by tight labor markets of the 1960s. The official unemployment rate of 18 and 19 year old black males did not drop below 19 percent in the 1960s. The lowest corresponding unemployment of black females in the same age category did not decline below 26 percent.

The evidence is persuasive that tight labor markets would virtually resolve, not just ameliorate, the problems of white youth unemployment. A small minority of white youth and a large portion of minority youth will continue to require special assistance to ease them into self-support. However, the assistance that the latter require will have to reach out beyond the usual employment and training measures and encompass desegregation in housing as well as improved schooling.

No doubt, the high black youth unemployment is also connected with the increase in welfare during the 1960s and 1970s. A comprehensive effort to reduce unemployment among black teenagers would have to include an overhaul of the various rules and practices that treat work and welfare as separate worlds. Arrangements will also have to be designed that will allow youth from poor homes to combine work and welfare until they work themselves out of poverty.

The charge is frequently made that teenagers do not want to work and that they have given up on the work ethic. The numbers prove that these allegations are incorrect. Indeed, during the 1970s the labor force participation of white youth has been increasing for both males and females. When jobs are available for black youths, their attachment to the labor market goes up too.

Except for minority youth who need special assistance to find and retain a job, it would seem that all the help that most teenagers need to function effectively in the workforce is enough jobs to go around.

In labor markets with large job deficits, it is only to be expected that the inexperienced will be shoved to the end of the line and some will give up completely.

It is, therefore, reasonable to anticipate that as the supply of teenagers declines while the demand continues to rise ever so slightly, most of the white teenage unemployment is going to dissipate. Whether employers will then turn to black youths to fill the gap in supply remains problematic. But when employers experience a shortage of hands and brains, they are likely to forego the luxury of discrimination. Sustained good economic times might therefore also mean a sharp overall reduction in minority teenage unemployment.

Minimum Wages

Before we leave the subject of youth employment and unemployment, it may be worthwhile to comment on the impact of minimum wages upon youth unemployment. Too many policymakers, and particularly economists who should know better, have downgraded job deficits as the cause of high youth unemployment, and they have sought to explain youth unemployment on the basis of other factors. A favorite whipping boy (or girl) of the disturbingly high unemployment rate among minority youth is the minimum wage. The explanation is simple; by imposing a minimum wage, the government prices youth out of the labor market. The solution is equally straightforward: abolish the statutory minimum wage and let youth work for lower wages. Like most simple solutions, this one offers the wrong explanation and may lead to wrong solutions.

The law already provides that employers can pay full-time students 85 percent of the minimum wage. But many employers do not take advantage of this cut-rate wage, apparently because they cannot get the necessary workers at the lower wage. In an affluent economy with a mature welfare state, the reservation price of labor may be even above the statutory minimum wage. Of course, teenage labor markets are not immune from negative impacts caused by the minimum wages. But this is not the same as saying that minimum wages are the primary cause of youth unemployment. Econometric evidence indicates that even without any minimum wage, the post-World War II period still would have seen high rates of youth unemployment. General business conditions, state of technology, demographic factors, population migration and an influx of undocumented aliens, the extension of the welfare state and changing societal attitudes (i.e., the growing number of women in the workforce and longer duration of education) all appear to influence youth labor markets far more than minimum wages. Added to these primary factors, the minimum wage does seem to involve some costs in the form of reducing youth employment levels. Also, the minimum wage may be responsible in part for increasing the number of young workers who wind up with part-time jobs instead of full-time employment. There is no free lunch. Yet minimum wages cannot explain the full extent of youth unemployment—or even a majority of it.

In the welfare state the role of the minimum wage may loom even greater than its initial modest intent to protect some of the working poor from exploitation. A prime challenge in the welfare state is to make work more attractive than dependence upon public assistance. In many cases today the minimum wage is not particularly attractive. Without maintaining a vigorous floor, the incentive to choose work over welfare would be further eroded. The protection offered by the minimum wage is particularly important to discourage teenagers from entering a life of economic dependency.

The point is that millions of Americans would like to escape the welfare trap, but cannot. Without a strong minimum wage, it would not pay for them to work even though they may want to.

Teenage Childbearing

If one is to seek a culprit causing youth unemployment, then sex could be more responsible for the problems faced by youth than the minimum wage. Teenagers give birth to 600,000 babies annually. Four out of ten of them are born out of wedlock. There is ample evidence that a teenage mother without a father to support the child is going to face all sorts of problems which are likely to have lasting effects. The education of the teenager is likely to be interrupted. The child will also frequently present insurmountable impediments to securing a job, even if the mother could find employment given her limited education. In many such cases, both mother and child end up on welfare. But even if the parents do marry and support their offspring, the chances are that such a family would be at a disadvantage. Under these circumstances the education of the parents is likely to be interrupted and their job opportunities may be limited for life. There is also considerable evidence that early parenthood leads to larger families, placing continuing economic burdens upon the household. As suggested previously, many of the young mothers become destitute and land on public assistance payrolls. According to the latest survey of the Aid to Families With Dependent Children, teenagers account for more than a quarter million of AFDC mothers.

Governmental intervention policies to prevent teenage pregnancies touch on very deep-seated emotions including religious beliefs. Counsel of abstinence has not been too successful even in more puritanical times. In today's society, it would have little efficacy. Government support of birth control practices which were anathema as recently as two decades ago are now widely available. But the availability of birth control devices does not always prevent pregnancy, and many would-be mothers fail to avail themselves of the assistance. In addition to the 600,000 babies born annually to teenage mothers, 400,000 more pregnancies are terminated.

In this permissive age, whether the pregnant teenager is married or not, possibly the most sound government intervention would be to to provide for the continued education of the prospective mother and possibly help her with putting the child up for adoption if she so chooses. Assistance for terminating pregnancy is embroiled in bitter controversy. There is little else that government can do except to provide for the support of the mother and her child or children and additional assistance that would enable the teenager to become economically self-sufficient.

What Government Should NOT Do

The discussion so far indicates that youth problems come in different dimensions and diverse manifestation. Obviously, governmental intervention can help to ease these problems. But government help alone cannot eliminate the problems and certainly cannot provide cure-alls.

In fact, some governmental interventions should be discouraged. One suggestion that has received wide currency is the establishment of a national youth service program, whether voluntary or compulsory. This is an idea whose time has long passed if there ever was room for it.

The notion of a national youth service received wide attention during the Vietnam War when opponents of military conscription suggested that youth should be allowed other options of service to the country. It would appear that once conscription was terminated, the idea would die of its own accord. But some advocates would not let that happen.

Since 1973, when Congress terminated the military draft, little has been heard about compulsory national service. But once the element of compulsion with sanctions is rejected, the volunteer national youth service becomes a hazy concept with confusing, if not conflicting, goals. The program is now proposed alternatively as a "meaningful" option for all youth and as means to employ poor teenagers.

In a society where pluralism is dominant, the case for a voluntary national service sponsored by the federal government is far from clear. The United States abounds with voluntary organizations doing good works; they are known as churches, fraternal organizations and a multitude of other groups helping advance worthy causes. In line with past practices and still widely held values, good works should best be left to individuals, private organizations, and, indeed, youth as well as adults, each to serve the nation, their communities, and their neighbors in different ways. This can be best achieved without government intervention and by encouraging youth to exercise the available options. A youth with the potential for playing a fiddle and becoming a concert violinist could best serve by enrolling in a conservatory. While the

6'8", and still growing, youth might make the greatest contribution by playing college basketball for the greater glory of his alma mater and by preparing to maximize the Gross National Product. Others can best serve by acting as missionaries for their churches. The bulk of youngsters can best serve their country and themselves by learning a trade or enrolling in college to learn a bit of Shakespeare and study the mysteries of integral calculus.

Advocates of the national youth service point to the support the concept receives in the polls. Rather than rely upon vague and doubtful surveys, it would be best to look at the record. The fact is that the voluntary national service efforts have been elitist and have attracted very few persons. Indeed, the volunteer national service organizations have experienced difficulty in filling their limited available slots. Whether the benefits of the Peace Corps, VISTA, and related efforts have exceeded their costs remains a matter of judgment, although the argument can be made that the exposure received by future national leaders justifies the government outlays.

The advocates of national youth service propose, however, not a few thousand highly selected enrollees. They favor a national youth service enrolling hundreds of thousands and possibly even millions. In these proposals, universal service by youth get confused with welfare goals. Whatever the name of such an agency, it will require the establishment of a federal bureaucracy to administer the program. Again, we can turn to past experience to examine the prospects of such an effort.

If the youth are to perform needed services, costs become crucial. If the volunteers are to be housed in residential centers, then the costs are likely to mount. Even at a subminimum stipend, the annual cost per person, based on the experience of the Job Corps, the Young Adult Conservation Corps, and the military, would be at least $12,000; if the costs amortization of the needed facilities were to be included, the bill would mount even higher.

Most of the volunteers may not require residential facilities and would be able to reside in their parents homes. In that case, the wage becomes controlling. On the basis of equity, however, it hardly would be appropriate to urge youth from impoverished homes to serve for less than the minimum wage and to have their families subsidize their services to the public. It is also highly doubtful whether many youths will be attracted to that kind of an activity, and exhortation is not likely to help. Whatever the number of volunteers the program would attract, its administrators would find it difficult to prevent the program from exerting a wage depressant affect, limiting work opportunities to the lowest level jobs.

If the wage is to be raised, then the national youth service would be competing with the military as well as private employers. The government would also find it difficult to employ--even if it is called voluntary service--hundreds of thousands of youths while their elders are seeking similar jobs. The question also should be raised about the services that a youth oriented voluntary service could offer. Experience under the Neighborhood Youth Corps and annual summer jobs programs for youth (intended to provide work experience to youths from impoverished homes) does not leave much room for optimism. One recurring problem has been that the managers of the employment projects did not enforce any discipline in the workplace, and little work was done in too many cases. The work experience program became little more than an income maintenance program providing few services to their communities and doubtful future help to the participating youth.

There is also the question: What would the youth do? Granted that society's work is never done, there are lots of added chores that can be performed. But given the propensity of youth to job-hop and as long as the national youth service is going to remain a voluntary activity, the question is will the youths who enroll in the agency stick with it for a year or for whatever hitch they sign up? The experience of the Great Society's programs would suggest that such is not the case. The average stay of youths in the Job Corps, for example, is about six months. And more than a third depart from the centers within 90 days after enrollment.

The question whether enough jobs could be created for hundreds of thousands of unskilled and frequently deficiently educated youth who might volunteer for a national youth service cannot be ignored. The starved public sector is a matter of the past. State and local employment has more than doubled since 1960, and the federal establishment has grown at a more rapid pace if the indirectly funded employment by federal outlays is included. Of course, there is always a need for more, And there is no shortage of studies indicating the shortfall of public employment. It might be helpful, however, to turn to the economist's concept of effective demand to appraise these alledged shortfalls in public employment. According to this concept, stating that something is needed or wanted can be best characterized as a tantrum. Effective demand requires that the individual not only desire a good or a service but also be willing in actuality to pay the price. Given that public service employment has grown rapidly, it would appear that the most pressing needs, as perceived by public officials at all levels of government, has been filled. There is no need here to pass judgment upon the wisdom of the preferences expressed. But the concept of a volunteer service hardly squares with a federal agency substituting its preferences for the judgement of the duly constituted officials at all levels of government and second guessing the priorities established by the latter.

In brief, there is no question that the United States has experienced a job deficit for youth. Society has made various efforts to provide for a growing number of socially useful activities which employ teenagers. A strong case can be made for expanding the number of jobs that the government has created for them. But it is not clear that the needs of the youth should receive priority over the claims of other sectors in society. And whatever new interventions the federal government may support for youth, a volunteer national youth service is not the way to go.

The Challenges and Pitfalls

The high birthrate following World War II coupled with the changing structure of the economy and family have thrust unusual challenges upon American society in the past two decades. On the whole, we have done reasonably well for the bulk of the growing supply of youngsters. Society established the needed institutions to absorb them by offering additional doses of education and providing employment for most youths. But some fell by the wayside because of past and continuing discrimination, a lack of adequate opportunities, personal deficiencies, or failure of society to adapt programs to meet their needs.

The burdens upon society, as far as providing for youth, should abate in the 1980s. But the major problems faced in the 1970s will not go away. The record of the Great Society initiatives has been proven on the whole helpful to youths who needed federal assistance and the programs should, therefore, be continued into the next decade.

The danger of neglect during the coming decade is twofold. First, society may give up prematurely on the successful efforts that have been initiated in the 1960s and 1970s because of a currently prevailing spirit of negativism. Some may believe that all the problems will disappear once the number of youths diminishes. However, recent analysis of longitudinal data shows that labor force related difficulties often leave a lingering scar on teenagers even when they grow up. For many youths, these problems will not magically vanish in the 1980s. Second, there is also a danger that we will opt for novel but unproven and wrong approaches. Avoiding these two pitfalls, most teenagers of the 1980s should face reasonably smooth sailing compared to youth of the 1970s. They will benefit from the continuation of proven efforts that were started for their older siblings during the past score years, and they will also be helped by new experimentations as long as these initiatives are realistic in their goals and designs.

Senator NELSON. Thank you very much.

We will now hear from Mr. Willard Wirtz.

Senator JAVITS. Mr. Wirtz, would you yield to me for 1 minute?

Mr. WIRTZ. Sure.

Senator JAVITS. I must leave at noon, and I would like to thank these gentlemen very much for their testimony with regard to how this matter goes. I would like to thank them especially for their unanimity on the 22-percent set-aside.

Mr. WIRTZ. On Mr. Levitan's point, Mr. Chairman, I disagree with his point No. 1 and with his last point. His first point was there is no need to change the present legislation, and his last point was in opposition to youth service. But that leaves seven points in between, which is the most Sar and I have ever agreed on in our lives. [Laughter.]

Let me make, if I may, five points. First; I support fully the basic principles of this legislative proposal. I am not familiar with its detail. I am familiar with the development of the program over the last 3 years, and the development of this legislative program, and I simply compliment the administration and the Department on this bill. If there appear any differences at all in my position, they result from the fact that I haven't had a chance to familiarize myself with the details of the bill.

Now, more specifically. There has been a lot of arithmetic here this morning and I want to add one other set of figures which I think are correct and which put this in a somewhat different perspective.

It's a terrible problem, this 50-percent unemployment among disadvantaged youth in cities. There is no justification for it. I would like, at the same time, to suggest one other set of figures which I believe are correct.

If we're talking 16 to 21 year olds, we're talking about 25 million people——

Senator NELSON. How many?

Mr. WIRTZ. 25 million.

The Secretary's statement indicates that in that 16- to 21-year-old group, there are probably about 1½ million who are in serious trouble—15 weeks out of work and so forth.

I call attention to the fact that that is 6 percent of this total. That doesn't minimize the problem. It does suggest clearly that it is manageable. Where in the course of the first hour and a half this morning I found overtones of discouragement about being able to do this thing, with the amount of money at hand, when you realize that what we are talking about, in terms of the severely disadvantaged, is only 6 percent, or 1½ million people, we can deal with that.

That figure does not include the whole of the youth unemployment problem. There are two problems. There is the problem that besets a lot of kids, underemployment and so on and so forth, and then this hard-core problem that we're talking about at the moment. That problem can be met.

Sar is right that the figures on youth unemployment in the present form just do not tell us what we need to know. But I think it's a further estimate that about half of these severely disadvantaged kids are in the centers of the large cities, with the other half being spread around the communities across the country.

Senator NELSON. When you talk about youth unemployment in some of the central cities, it's 50 percent between the ages of 16 and 21?

Mr. WIRTZ. Yes; among the minority groups.

Senator NELSON. How are these figures acquired? Who is counted? In other words, is a college student who is unemployed in the summer a statistic there?

Mr. WIRTZ. Sar is a better authority than I am. He has just finished his assignment as chairman of the President's Commission on those figures. I should defer to him.

Senator NELSON. Well, why don't you finish your statement and then at the proper place we'll cover it.

Mr. WIRTZ. All right.

My point No. 2 I would call, in terms of the testimony this morning, basics and benchmarks. There were two different parts of the conversation, but I suggest that as they were pulled together, they reflect the fact that in a very significant way this legislation reflects more, I think, than has been accepted before, the fact that these kids bear some responsibilities for this matter which they, too, ought to start discharging. The Secretary very appropriately called attention to the fact that a lot of them don't have what it takes right now because they haven't had the education they need. So it seems to me the emphasis on these basics is terribly important.

I would hope we could be a little clearer about what basics we are talking about. In my book, too, writing is one, and values is the other. You can make the first one communications—reading, writing, talking, and listening. We also ought to go into the basic matter of values.

In reference to benchmarks, it seems to me this is closely related because for the first time there is a real emphasis in this legislation on following up to see what is done as far as the individuals are concerned.

There are more kids looking for jobs today than there are looking for work. I want to come back to this in a slightly different connection.

My third point has to do with this matter of linkages between the two programs. I am frankly disappointed that there are apparently going to have to be two statutes here. I had hoped we were moving toward a consolidated work/education statute. I respect whatever may be the reasons for it, because I am familiar with them. The situation apparently hasn't improved in the last 15 years; we still don't know how to put in a single package program that combines the administrative responsibilities of two departments. I think that's too bad, but I certainly am in no position to be critical about it.

Going on beyond that, Senator Javits, you will find from my written statement that I have emphasized the 22-percent point as strongly as you do. I was impressed with the testimony this morning and would suggest, perhaps presumptuously, that the expressed differences can be reconciled.

As I understand the record, the 22 percent has been imposed in terms of institutional or program grants. As I heard the testimony this morning, it occurred to me that a similar principle could very appropriately be worked out in terms of individuals, and that this would be more meaningful. A number of the job slots are dependent upon the individuals also taking education. It occurs to me that there can be an extension of the 22-percent principle, perhaps more effectively, on an individual basis, rather than an overall institutional basis.

As I followed the testimony, I found no reflection of intended deviation from the principle of the 22-percent set-aside, and to share the feeling that this is one of the firm foundations in experience on which to build. I would hope there would be a possibility of retaining the principle of a firm commitment to joint programing, but perhaps to do it in terms of individuals rather than in terms of institutional grants.

Senator JAVITS. If you'll allow me just to comment, I value your expertise and your feeling about this whole thing which is entirely in accord with the way I look at it. I can assure you, as far as I'm concerned, I will do my utmost to reconcile these views so we can have an agreed-upon bill. I assure you it's going to be tough enough to get any bill through, and therefore, if we can agree on it, we have a much better chance.

Mr. WIRTZ. In the same connection, on linkages between the two, I am confused at this point about the number of councils provided for in this legislation. There appears to be a proliferation, and a potential to separatism between work councils at the local community level and education councils. I think that's too bad and I would hope very much a way could be found to approach this so that that council function at the local community level will not be divided.

If it's hard for HEW and Department of Labor functions to be coordinated in Washington, it is easier for organizations at a local, community level, where everybody knows each other, to get together. Our experience with these education work councils around the country shows that this can be done.

In that connection, and more broadly, it does seem to me that Senate bill 2218 includes a number of provisions with respect to linkages which deserve further consideration, including the setting up of a National Education Work Council. So I would hope that in addition to the emphasis on the principle of the 22 percent, there would be every effort possible made to establish institutional linkages at the local, community level, between the schools, the employers, and the community at large.

My third point has already been made in part. We are dealing with two youth unemployment problems. One of them is the hard-core, disadvantaged problem. It includes, I think, about 1½ million in the 16- to 19-age category.

There is another problem of underemployment and so on and so forth. I would hope very much that in the emphasis on the hard-core, disadvantaged problem there will not be lost sight of the broader problem which is also part of this picture.

Finally, Mr. Chairman, with your opening thoughts in mind, I would like to mention two points with respect to the hard core problem, or at least parts of it, which it seems to me take account of the fact that there are not unlimited funds here. There are two emphases I would like to suggest that don't have a big dollar sign on them.

I suspect that as far as the hardcore disadvantaged youth problem is concerned, outside the central cities, a very large part of it could be met by the development at the local community level of a one-with-one kind of relationship between each of these individuals and somebody else in that community. If there are about 750,000 hardcore disadvantaged youth in communities in this country, outside the central city, there are at least that many people in those communities who would be glad to work with each of these individuals on a one-with-one basis. If we could set up local community education work councils and start this kind of approach, my guess is that it would make a big difference.

The final point is that, facing this situation, and facing severe economic and budgetary restraints, we're going to have to come to terms with the fact that there are a lot of available work opportunities for youth in this country, and they're not being filled. I'm talking about the jobs in the private service sector; I'm talking about lawn mowing, I'm talking about a number of other things which I would hope we would start calling "bridge" jobs.

I wish we could start setting up ways of getting these kids into those jobs and then moving them on to whatever the next step may be. It's too bad that we have developed an attitude toward these jobs that means we're not using them.

This would also be important in political terms. It is hard to get national support for youth unemployment programs when most people can't get their lawn cut, or their windows washed, or any of those things, and a very great many small service operators can't get help.

Given the strictures on the amount of available Government funds, we ought to find some way of using these private service sector jobs that are available, not in the central cities, but throughout the rest of the country. If this were approached in terms of imaginative, administrative arrangements, providing for what we're calling career passports at the Manpower Institute, there's a huge potential that could be used there at minor cost.

Thank you very much.

[The prepared statement of Mr. Wirtz follows:]

Testimony of Willard Wirtz
National Manpower Institute
Before the
Senate Subcommittee on Employment, Poverty
and Migratory Labor, of the
Committee on Labor and Human Resources

March 5, 1980

As requested, Mr. Chairman, I will comment as specifically as possible on youth employment legislation now before the Committee. All that is available as this statement is written, however, are some draft specifications. The legislation may have changed by the time this statement is read, and I apologize in advance for any misrepresentation of the Administration's proposals.

Last fall I testified before this committee on general directions in the youth employment area. I simply refer to those general remarks here and confine myself to some specific reactions and recommendations.

There is in the administration of youth employment programs a growing sophistication, with a vast array of program options, extensive research designs for "knowledge development," and complicated delivery systems operated through intricate relationships among levels of government and among agencies. It would be presumptuous for an interested but casual observer to address the many technical considerations involved and the appropriateness of the many allocations of funds among different sections and subsections of the proposed legislation. There are, however, clear trends emerging in the basic policies these details add up to, and I think that they are in the right direction.

The single most important of these policy trends is, in my judgement, the increasing use of an education *and* work approach. We have come to realize that so long as work institutions and education institutions go their separate ways, more and more youth will fall into the widening space between.

There are, in the evolution of this youth program, and in the proposals being advanced by the Administration and in the Congress, a number of other trends I find encouraging and promising. These proposals reflect a new purposiveness in implementing the growing recognition that these programs must be worked out at the local level; that good education in the basics is essential to successful employment; that we have to start on this employment problem while youth are still in school and not wait until they become dropouts or join the ranks of the long-term unemployed; that there is a critical need for combining work and public service experience with classroom education for youth still in school; that the private sector, the community, and parents must become involved in various partnership arrangements.

The proposed legislation also recognizes the need to help youth develop a record of their experiences so they have something to show employers when they apply for a job (what we have called at NMI an Experience Report or Career Passport).

My one-sentence reaction to the enactment and administration of the 1977 youth employment amendments and to the legislative proposals before this Committee today would be that this piece of public business is being handled extraordinarily well. This is partly, however, because it is recognized that there is no more critical matter for society than to assure that young people are given access to an economically sufficient adulthood, and that a great deal more remains to be done.

- — Too many people are leaving school unable to read, write, and do simple arithmetic. Even some high school graduates cannot read their diplomas.
- — Minority youth unemployment rates are at high and totally unacceptable levels.
- — In a great many communities work institutions and education institutions are hardly on speaking terms and do not understand each other's language, although there are some very encouraging developments here.
- — Youth not getting to the labor market through higher education are having a tougher time, and the Federal government is spending seven times more on youth attending postsecondary schools than for youth attending high school.
- — Occupational segregation by sex creates serious structural barriers for young women who must be more fully informed about employment opportunities in non-traditional fields so that they can make the necessary educational and training choices to prepare for more equitable employment.

The situation fully warrants the high priority assigned to it by the Administration in its proposals and by those in Congress, such as Senator Javits, who have introduced comprehensive youth employment legislation.

I would emphasize three points, all of them reflecting principles that are very much a part of both the Administration's proposals and those of Senator Javits.

1. Basic Education

There is no more important link between school and work than having a good basic education, and the emphasis given it in the Administration's proposals is, I believe, wholly justified. It is assigned half the money, and deficiencies in education are at least half the youth unemployment problem. I have yet to talk to an employer about hiring youth who has not emphasized this need. They are more likely to talk about job applicants' being able to read and write ... and get to work on time ... than about their receiving specific employment skills in the classroom, although such training is obviously also important. So I find it encouraging that we are talking about using both the regular school classrooms and those of Vocational Education as well.

The slippage in test scores generally among school students and high school graduates has produced a general state of alarm in the Nation about the quality of education and a not very precisely stated demand for a "return to the basics." While it is a demand with which I wholly agree, I would want to define basics carefully, be sure they are the right ones, and avoid any return to learning by rote that was abandoned for teaching young people how to think rather than how to remember.

I would put special emphasis on Writing. We have been more systematic about the teaching of reading in the public schools than we have about writing. Acquiring the ability to write is acquiring the ability to think and to communicate, and those are very necessary skills anywhere in this complex society. If every young person was required to compose just one paragraph every day, it could make a very large difference. It would make even more of a difference if the day's paragraph were read and corrected by a parent, as well as by a teacher.

If writing is the counterpart of reading, then listening is the counterpart of speaking. Listening is as necessary to communication as talking. There have been only puny efforts so far to teach listening.

2. Linkages and "Councils"

There is strong emphasis in the proposals made by the Administration on interrelating school and prime sponsor effort and for involving the full range of community institutions. The decentralization of the federal employment and training program is now pretty complete in getting it down to the local government level. But it must move on from there and decentralize in terms of moving more of it to the private sector.

I hope we can build further on the principle established in the 1977 legislation where the prime sponsors were required to have a joint program in order to spend 22% of the funds. I call attention to this simply because the Administration proposals seem to be in the form of one title for employment (administered by the Labor Department) and another title for education (administered by the Education Department). I know the intention is to integrate the two programs, and I simply flag this as something warranting close attention. It would be unfortunate to get back into defining organizational responsibilities on a separation-of-function principle, and fail to move forward on this vital matter of joint effort.

The many calls in these proposals for involving employers, unions, community-based organizations, and parents still leave a question of whether, when we get to the fine print, it is true collaboration that is being encouraged, with government as one party to it, or whether this amounts to using representatives in these institutions in a purely advisory or review capacity. I think it should be on a collaborative basis, with the collaborative effort having some kind of free standing and independent status going beyond being just an appendage to local governments.

These observations are made in very general form because I have not seen the final detailed proposals being offered by the Administration. In some of the draft materials, which may now have been changed, there were several specific references that seem to me to warrant further consideration.

There is apparently a proposal to have each school Superintendent appoint an Education Work Council with advisory functions. We have been involved at the National Manpower Institute in piloting the idea of Education Work Councils; there are now about 75 of them in communities across the country. The 30 Councils involved in the NMI pilot program are moving right now toward independent funding (after receiving seed money from the Department of Labor). These councils are freestanding, and the members of each sector (education, employers, unions) have equal voice in the activities they undertake. If collaborative councils are desired, they should be given an action charter and encouraged through support and leadership, rather than being mandated by law.

There are several kinds of councils apparently contemplated in the draft of the proposals: with Youth Councils, for example, to be retained, but with the alternative of establishing Youth Opportunity Councils; and while the Education title draft requires Education Work Councils, there is also a requirement for school principals receiving funds to appoint "School Site Councils." I would hope consideration could be given to designate broadly representative councils to serve all the the functions necessary for both titles, to work on all possibilities for joint efforts of employers, educators, unions, youth service organizations, and local government toward generally improving the transition from school to work. Special program needs could be met by subcommittee arrangements.

The creation of such broad community collaborative councils requires as much, or more, encouragement and leadership from the private sector, as from the public sector. It cannot be done wholly through government action in Washington. One promising approach is suggested by the National Education Work Council proposal in S.2218. Its charter would include, among other things, providing "technical assistance on school-to-work transition issues and otherwise to promote collaboration among education, work, government, and social organizations at the national, state, and local levels." A group such as this could take the leadership in establishing a "Community Education Work Council in every community" as was recently recommended by the Carnegie Council on Policy Studies in Higher Education.

3. Two Youth Problems

It is increasingly important to recognize that there are two distinctly different situations here, although they are related. One involves, as nearly as I can tell, about 75 or 80 percent of American youth -- of whom perhaps about half have no real problem at all, while the other half face difficulties that involve what are essentially problems of adjustment of one kind or another. The problem here is primarily of failures of big institutions to work together. The other problem involves the 20 or 25 percent of young people in this country who, usually as a consequence of their families' socio-economic status, or in many cases because of their growing up in the decaying centers of American cities, or because of outright discrimination, face an exceedingly bleak five or ten years after they leave school -- and the likely prospect of that bleakness becoming a lifetime sentence.

It is imperative that we separate these two problems out from each other, for they have different roots and require different treatments. Both are serious and it would be a mistake to ignore either of them; emphasizing one to the exclusion of the other is likely to mean that neither will attract the support of a working majority.

The proposed legislation competently addresses this serious matter of inner city and rural youth now going nowhere in the employment world. I hope that as we press forward with these government programs we will also try to organize all possible community and volunteer resources we can to supplement the government efforts. It will be necessary in the end for the community to meet this problem on a case-by-case basis, starting with getting the names and addresses of all youth in serious employemnt trouble, and working things out one by one, and one on one.

Another element in building from what resources we have will be to take better advantage of the "bridge" jobs in the private sector, the jobs available to youth that they usually don't stay in a long time, such as in fast food chains. We need to help youth build a record of accomplishment using the jobs that are available, and buidling as much into these experiences as possible. Perhaps we need most of all an improved system for handling the next step that has to be taken when the training period is completed.

As for this larger problem of the transition from school to work, we need to increase job counseling in the schools, broaden the availability of work and service experiences while youth are still in school, and improve the occupational information available to youth. This all means close working relationships among education institutions, businesses, unions, public employment agencies, and local government. This does not necessarily involve expensive, federally funded services, as it does in the case of expanding inner-city job opportunities, but does require the setting in place of close collaborative arrangements among these institutions at the local level, and also at the State and National levels.

In brief summary, I think that

— the proposals before this committee are constructive and necessary;

— better basic education is important, particularly in all forms of communication and in values.

— we should move forward on joint programs between education and employment agencies at the local level, and we should further decentralize to the private sector and establish truly collaborative councils with broad charters;

— there is critical need for remedial programs, particularly in inner cities and isolated rural areas, and a need for preventive approaches that get major institutions working together rather than going their separate ways; there is also a need to mobilize volunteer community resources, working with young people in trouble on a one-with-one basis.

We have to get this youth situation in hand. We barely started on it in the 1960s, and it has gotten worse in the 1970s. There is new promise in the Administration's and the Congress' making this a top agenda item for the new decade.

Senator Nelson. Thank you very much, Mr. Wirtz.

The educational component isn't within the jurisdiction of this subcommittee. But from what I know about it, I am puzzled by what it is they expect to do with $1 billion in this educational component. I understand they will accept bids from schools on proposals as part of the educational component. I don't understand that.

Dr. Ginzberg. Could I talk to that for a second?

Senator Nelson. Yes.

Dr. Ginzberg. I come from a small city called New York, in which by age 13 already a lot of the kids who are on the school rolls are really in the streets as truants. So that you can't even say that the schools aren't educating them because the kids aren't even in class to be educated, for all types of reasons.

The typical junior/senior high school is a disfunctional environment for a youngster who has not learned how to read in the preceding years. Unless one does something to provide alternative educational opportunities for these kids they can't mature. My wife is now tutoring one of them, and the youngster is very sad that she dropped out of school and didn't pay any attention to school. But youngsters between 13 and 19 go through a lot of development. There has to be opportunities for those youngsters to get back and complete their basic schooling, because New York is now an 83-percent service sector and, if one doesn't possess literacy and numerary one just can't get a decent job.

So I think what the administration is talking about, and surely what came out of our studies, in terms of the year-and-a-half that the Commission looked at this, is the essentiality of putting alongside of a regular high school which performs all right for most kids, some kind of support system whereby youngsters who don't get much out of their regular schooling have a second chance. It's a second chance opportunity, that is what we're interested in, I think, in the educational recommendations.

There are no certain ways of doing that, but we had better try to do it because in the absence of that kind of minimum qualification, the job employability outlook is very, very poor. So I think we just have no options but to go on that route.

Senator Nelson. I understand what the administration is proposing is an educational component that differs from what is going on in the youth training programs already in CETA. They have jobs, they have education components. What are they saying that isn't being done? That's what I don't understand.

Dr. Ginzberg. Well, I'm a bad reader of the details of legislation. I have been trying to understand these issues substantively.

I think what is true is that in the Job Corps we have remedial educational opportunities, and for my money, the Job Corps is one of the major payoff institutions.

As I have seen it up till now, the out-of-school youth program, it is not easy and sometimes is exceedingly difficult to find any remedial educational opportunities for those youngsters. The notion to put some money in the new Department of Education is to encourage the local primes to work out in the local community, some expansion for alternative ways of having some of the out-of-school youths make up their lack of literacy and numeracy. So I don't think we do have at this present time in the manpower programs very effective educational second-stage opportunities. We have a few of them, but not very much.

Mr. WIRTZ. Mr. Chairman, this is only a partial answer, but they are actually conditioning participation in a number of the work and training programs on taking educational courses of one kind or another, and on the other side are providing certain educational courses which will involve the individuals in them doing work and work training of one kind or another. So there is a clear linkage now between the two, which was not there before.

Dr. GINZBERG. I think, Senator Nelson, you could take the money that the administration suggests and give it to the Department of Labor and tell them to negotiate alternative kinds of educational opportunities on a larger scale; there's nothing to stop you from doing that. My own view is that that would not be the wisest thing to do, because I would like to get the school system a little bit more involved for the people who are still in the school system to become a little bit more conscious of the whole employability matter and make adjustments in their curricula. I think probably all you can say is, if you use some Federal dollars to stimulate those school systems which have been very unresponsive to the employability issue, you may get a somewhat higher return for your dollars. I can't guarantee it, but I think that's the thinking in back of the administration.

Mr. LEVITAN. If the set-aside is inadequate, then possibly we will need more money to reach these goals. But I don't know if additional money, by itself, will solve the problem. The important and innovative direction of YEDPA is to link education and work. That is what we have been doing. I'm not saying that it has been adequate so far, or that we don't need any more money. But what we are doing, as I think Senator Javits suggested, is giving separate funds to the Department of Education for compensatory education or similar programs. At the same time they are separating that from the youth employment. In effect, it's a backwards step, and it is as if we were trying to destroy the linkages that have been created by YEDPA.

Dr. GINZBERG. I don't want to have a pointed argument with Sar, but I wear another hat and we are monitoring the entitlement projects. We have not done very well on the entitlement projects with respect to the out-of-school youth. We have had a hard time getting them back in.

The reason is that the school systems do not find it easy to deal with the out-of-school youth, and they don't have much flexibility. It is just on this point about the difficulties of getting the conventional school system—one of the hopes under the new administration bill—and I had nothing to do with the drafting of it, and I don't understand it fully—but my understanding is that they would look to groups like the OIC's, among others, to provide some of the alternative schooling that is linked with the employability needs of the out-of-school people.

The present system on 22-percent set-aside, I don't want to say the 22 percent isn't working at all, but it is not working for that part of the out-of-school youth that I have kept a close eye on.

Mr. **LEVITAN**. If they were going to do it with the OIC's, or some others in the community-based organizations, then why not give the funds to the prime sponsors and let them pass it down to OIC's instead of establishing new institutions. We would be doing the same thing. As Senator Javits suggested, it takes years to establish a new set of institutions. Why do this when the organizations are already there?

I would agree with you that OIC's and the others provide some basic and remedial education. But they don't have enough funds. Given this fact and budget constraints, why establish new sets of institutions?

Senator **NELSON**. I have a meeting that I'm 15 minutes late for already, so I guess we will have to bring this to a conclusion.

Could you submit for the record, Mr. Levitan, your statistical basis for the youth unemployment figures?

Mr. **LEVITAN**. I would be delighted to, Senator.

[The following was received for the record:]

In its final report, the National Commission on Employment and Unemployment Statistics made the following comment on youth labor force statistics:

> **Youth**
>
> The unprecedented rise in youth unemployment in the 1970s has attracted considerable attention.[2] While it is widely recognized that the postwar baby boom is a major force behind the rise in youth unemployment, a contributing factor is also the growing number of young people who are not making a clean break between schooling and work as in the past, but instead are combining these activities. As a consequence, the measurement of the labor market experiences of young persons is complicated by the schooling option, and labor market data must be capable of reflecting this relationship between school and work.
>
> The commission believes that there is a need for more frequent data than the present annual information on the school enrollment of youth in order to understand work and education choices, to design employment policies and training programs appropriate for this situation, and to help appraise the labor market attachment of students.
>
> Currently, information on the school enrollment and labor force status of the population 16–34 years is collected annually in the October supplement to the CPS. Students are not explicitly identified in the CPS during the rest of the year, although the young people 16–21 years reporting school as their major activity are tabulated by labor force status. For those students not in the labor force, the data are probably a close approximation of the actual number of students who are nonparticipants. However, for students in the labor force, either employed or unemployed, the data may substantially underreport school enrollment because some students may report work as their major activity. The October 1977 CPS supplement, for example, recorded 1 million more 16–21 year olds in both school and the labor force than the total derived from the major activity question in the monthly CPS. *Because of the shortcomings of these monthly data, the commission recommends the addition of a question to the CPS on whether respondents age 16–24 years were attending school on a full- or part-time basis.*
>
> The commission has selected this age group because data from the October supplement to the CPS indicate that while a significant proportion of those under age 24 years combine work with school, the proportion falls off sharply after age 24. The new data would replace the monthly tabulations of the employment status of 16-to-21 year olds whose major activity is going to school and supplement the October school enrollment survey.
>
> These data will provide a current view of the extent to which school and work are combined and how participation in these activities varies over the year and with fluctuations in economic activity. Further, to the extent that sample size permits, the data will enable the analyst to distinguish the early work experience of out-of-school youth from that of students.
>
> In making this recommendation for an addition to the monthly CPS survey, the commission is well aware that the number and proportion of youth in the labor force will decline as the postwar baby boom cohort continues to age. A possible implication of this demographic change is that the visibility of the labor market problems of the young will fade over time. However, the commission doubts that it can safely make this assumption and therefore believes that better information on school and work activities of youth will be needed for labor market policy in the years ahead.

Senator **Nelson**. All right. Thank you very much. I appreciate you gentlemen taking the time to come and give us the benefit of your views this morning.

Senator Williams?

Senator **Williams** [presiding]. I just wondered—I know you haven't addressed the welfare jobs legislation, but there is something Secretary Wirtz said that indicated to me a possible question here.

You know, in the jobs bill for the welfare program suitability is one of the factors for placing people in jobs. The job search must be for a suitable job. This is similar to the job search in the unemployment compensation program, and I'm just wondering whether that is not an obstacle to what you were proposing the "bridge" jobs. Those are considered, I would guess, the jobs that are menial, and therefore undesirable.

These services are not considered essential, but they are services that could be performed, there's a demand for them. You mentioned cutting the lawn. There are other environmental jobs that would fit, I think, into this "bridge," services that are needed but that nobody will do.

Is there anyway we can develop an attitude about these jobs so that they are not discounted, but considered suitable for a limited period?

Mr. **Wirtz**. There sure is, and we're on the right track when we substitute "bridge" for that word that both you and I know but have stricken out of our language. We know what we're talking about.

If we were to start calling "bridge" jobs, and if we would start working out procedures for getting kids from those jobs on to the next job, then we would have it made.

We're working right now at the Manpower Institute with the Department of Labor and with the fast food chains to do precisely that. We're working up on what we call developing a career passport, so that as you take one of these bridge jobs, there will be a record made of it, and then you can use this in going on to the next job.

There are help wanted signs in the fast food service stores in most of the communities in this country outside the center cities. My answer to your question is yes, if we will start working on the psychology of that situation, to make it part of the training experience—although I mean to call it work and to pay for it as work—but if we will start working out a system which moves kids from those jobs to something else, then we will have gone a long way.

Everything I did when I was a kid was that kind of job. So were some of the things I've done since. [Laughter.]

Dr. **Ginzberg**. Senator Williams, Mr. Wirtz doesn't remember it when he was Secretary, but I remember. We had one very good MDTA—what I would call a "bridge" situation. We took some kids in, at the lowest level, minimum wage jobs at Woolworth's. But we said to the kids, if they showed up every day and did their work, got good marks, at the end of 9 months, on the basis of that record, IBM or some fancy electronics concern would pick them up, put them into serious training programs and offer them a chance to double or triple their wage.

As I look at the service sector and the kinds of occupations, the trouble is that in the absence of really having proof positive in front of a youngster that there is going to be a reward if he starts at a lousy job, or what are now called euphemistically "bridge" jobs, unless he sees some of his peers moving that way, and getting a return for taking the unattractive first jobs, they won't do that.

Bill Wirtz and I came through a different world and we knew we weren't going to be stuck there forever down at the bottom. But these kids don't know it and they do have another option. I think the record ought to show it.

We have a very sizable off-the-record economy these days, and in terms of 16- to 19- to 21-year olds, it's not a question of starving to death or working. There are plenty of opportunities of making as much money as you need if you're willing to go to the borders of the law and engage in with illicit and illegal work. We figured out at Columbia in one of my staff's studies a couple of years ago that there were 240,000 people in the city of New York who were earning all or a part of their income from illicit and illegal work.

So the kids really face a more complicated set of options than meets the eye. It's not a question of taking a job or not eating, but it's taking that job or finding some other way of getting some money which will carry them through.

I think that most youngsters will take any kind of a job if it will lead somewhere, but at the moment we don't have the "bridge" structures and that's a very critical part of the whole of the service economy.

We did a study, Charles Brecher of my staff did a study some years ago on the upgrading of blue collar and service workers in New York. He looked at 1⅓ million jobs. That was a big part of New York's economy, one-third of the city. He found that the upgrading opportunities within the industry, where these people worked were very limited. These people, by and large, did not know how to move themselves by moving from one employer to the next.

Take a waiter. If you start in a fast food place at a beginning wage, some of those people will eventually be the head waiters or something similar at the Plaza. But most kids that begin haven't the faintest idea on how to negotiate that labor market. So they say: "Well, I'm not going to wash dishes or serve on the counter because I don't see where that's going."

If you started in the steel mill in the old days, you started outside at the roughest job. But you knew that either in a unionized or nonunionized plant how far you would move automatically by just doing your work and after a couple of months you would move up and so on.

Mr. **Wirtz**. Except we wouldn't be aiming just toward the head waiter's job at the Plaza. We would be taking experience in the fast food service thing and then making arrangements for the next opportunity to be in, let's say, a repair service of some kind, and then on up, and perhaps back to school, perhaps into management or whatever.

It is important that there be "bridges" not only on up in that particular line, but "bridges" to other kinds of service occupations and beyond that.

Senator **Williams**. Just one final observation, gentlemen.

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The questions that Senator Nelson addressed to the education component of this youth program, what is added through this that we don't already have. I believe that this is accurate and relevant.

In our education legislation directed to our school systems we do have an elementary education program under title I, a compensatory program of education. These are the disadvantaged who need special attention.

As a matter of application of that principle, it runs through the sixth grade, and from the sixth grade on we don't have this element of what the next stage of compensatory approaches would be remedial. That's where I understand we are very, very slim in response to the need for remedial education. They are the high school youngsters who become the functional illiterates. There is no real target of attention there.

It would seem to me that is part of the youth program to be used, to come in at the high school level and get the young people caught up on a remedial basis.

Dr. GINZBERG. The National Commission for Employment Policy has now in press a little book that I took the responsibility of putting together, entitled "Tell Me About Your School." I sent several of my black students into Harlem to interview youngsters of 10 and 11 and those at age 14 and 15. It is simply their school experiences as revealed to the interviewers, and I think it is quite clear that these youngsters are capable of learning. I didn't have to go into Harlem to know that. But the school resources, despite the fact we spend a lot of money in New York, just are not adequate.

I think there is no question about it, as you read through the 1980 reports, that remedial and alternative work educational opportunities are critical.

Senator WILLIAMS. Thank you.

Mr. LEVITAN. Without prolonging this discussion, the National Council on Employment Policy just released a statement: "An Employment and Education Agenda for Youth in the 1980's." If I may, I would like to put it in the record. It is relevant to the question you raise.

Senator WILLIAMS. Fine. It will be included in the record without objection.

[The following was received for the record:]

AN EMPLOYMENT AND EDUCATION AGENDA FOR YOUTH IN THE 1980s

A Policy Statement by the
National Council on Employment Policy
Washington, D.C.
March 7, 1980

Most youths face transient problems in the labor market that ultimately are offset by adequate education and an environment in which they learn about job markets, occupational choices and careers. Whatever difficulties they encounter in the transition from school to employment hardly command attention as a national priority.

But labor market difficulties experienced by youths from impoverished homes, particularly minority youths in central cities and rural areas, present critical challenges. They pose immediate economic hardship and serious longer term consequences.

Some of these difficulties can and should be alleviated by governmental intervention. On the supply side, the preparation of youth for work can be improved by compensatory educational efforts and skill training. On the demand side, government should combat more vigorously discrimination in the labor market and create jobs for youth as part of an overall policy conducive to generating economic growth. In addition, career exploration and training for job search would better help match supply and demand.

The Nature of Youth Unemployment Problems

The unemployment rate for white youths has been declining steadily during the economic recovery since the 1975 recession. Though the rate remains high, the problem is not acute. In fact, the ratio between youth and adult unemployment among whites is lower today than it was during the late 1960s. The frequent unemployment spells of majority youths appear to have little effect on long-term employability or earnings. They may, indeed, play a part in the process of settling down and occasionally have a beneficial effect in teaching young adults about labor markets.

Society offers options for most youths in either the labor market or alternative activities that defer work for pay. There remains, however, a sizeable minority of youths out of the mainstream who fail in or are failed by existing institutions.

The labor market problems of these youths--mostly poor, nonwhite, Hispanic, and some native Americans--entail immediate economic hardship and appear to have long-term effects on employability and earning power. Not only is the absolute level of unemployment for poor and minority youths unacceptably high, but the differences between the experience of white and minority youths have been steadily worsening for the last two decades.

The causes of youth unemployment--especially among poor and minority youths--are enmeshed in a web of social, educational, and economic forces acting on the lives of these youths and their families. Causes are hard to disentangle from effects. Substandard schools, disrupted family lives, a lack of role models, welfare dependency, early childbearing, parents working in low-paying, dead-end jobs with little hope for improvement, and a lack of effective access to good jobs all affect the labor market prospects facing these youths and their outlook towards work. Youths trapped in decaying urban areas or depressed rural areas face limited local job opportunities. More important than geographical isolation is social alienation. Middle-class youths rely heavily on the access to jobs provided by friends, parents, and neighbors; employers also rely heavily on these sources in their recruiting. Poor and minority youths lack such informal networks.

Racial prejudice persists as another enormous barrier keeping minority youths out of jobs. Affirmative action programs and other anti-discrimination measures notwithstanding, many employers put minority youths at the end of long lines of applicants for scarce jobs. But, even if these problems were to disappear overnight, there still would not be enough jobs to go around. As long as adult unemployment rates are high, younger workers will suffer.

While the youth population will be declining for at least the next 15 years as a proportion of the total population and labor force, it will become more heavily minority. If past patterns of discrimination persist, poor and minority youths may benefit little from the expected decline in job competition among the young, and will continue to fare poorly in the labor market.

Federal Responses to the Problems of Youths

From the early 1960s through the mid-1970s, there was a proliferation of programs providing youth employment and training opportunities. Some concentrated on job creation while others tried to improve long-term employability. The record of these past efforts has been mixed. The principal work experience programs for youths--the Neighborhood Youth Corps and a succession of summer jobs programs--have been criticized widely for creating make-work jobs for youngsters and providing little more than income transfer, while engendering poor work habits; some studies, however, have found positive outcomes for these programs. Compensatory education programs, which appeared at first to have little impact on improving educational achievement among economically and educationally disadvantaged youth have proven effective in raising the level of their educational attainment.

In the latter 1970s it became clear that further measures were necessary to bulster the federal commitment to alleviate youth unemployment and to attack its causes directly and indirectly. Frustrated with growing youth employment problems of the mid-1970s, the failure of piecemeal solutions to those problems, and uncertainty about the relative effectiveness of alternative remedies, Congress and the Carter administration launched a new youth initiative in 1977. The Youth Employment and Demonstration Projects Act (YEDPA) was designed to provide immediate relief to the youth employment crises, fund alternative experimental approaches and evaluate their effectiveness.

The returns on the experimentation are not yet in, but it is apparent that labor market problems have neither isolated causes nor effects and that solutions cannot be provided readily by a single institution. A myriad of socioeconomic factors beyond the effective reach of public policy affect the experience of young adults in the labor market. Family background, place of residence, home life, and informal labor market networks are enormously influential. But institutions--most notably labor market agencies and the education system--also have important effects on the experience of youth trying to find work, and they are subject to federal influence.

The next iteration of federal youth initiatives should build around four components of services: basic, remedial, work-oriented education; job skills; labor market awareness; and work experience. In formulating service strategies, client groups must be differentiated because needs and program effectiveness vary by age and enrollment status in educational institutions.

Educational Change

Education must be an important focal point of any truly comprehensive youth employment policy because education deficiencies go hand-in-hand with poverty and labor market hardship. Changes are needed, starting in the lower grades. Compensatory education at the elementary school level should be augmented with an emphasis on the development of work values and sound work habits, integrated with academic learning. Such work orientation is important for all children but vital for those whose environmental circumstances pose handicaps.

At the secondary level, dropout rates remain high, especially in inner city schools, and the quality of education is low for those students who remain in school. Unfortunately, few compensatory education resources are reaching this level. Continuing compensatory education services through the higher grades should be available to reinforce and sustain gains from the elementary level. Providing compensatory education at the secondary school level also increases the chances that all youths in need will receive at least some extra assistance during their time in the public school system.

A policy for extending compensatory education to the secondary level should build on two premises. First, it should represent new funds for compensatory education and should not be paid for at the expense of such efforts at the elementary school level. Second, it should recognize that providing compensatory education at the secondary level is likely to be more expensive than providing it at the elementary level, since it requires different curricula and staff capabilities. There are few high school teachers trained to teach basic reading and arithmetic, although the experience of the Job Corps and military might be profitably utilized by secondary schools.

It is no accident that those who do well in school generally do well in employment. The same skills and attitudes lead to success in both. Work values, work habits and understanding of labor markets and employer-employee relationships are all subject to teaching and learning. They can and should be incorporated into a basic education program at elementary and secondary levels without interfering with traditional academic studies. Such career preparation is needed by all children and youth, and especially those poor and minority students who are deprived of such preparation at home. It requires a higher level of outlays for federal career education measures already in effect.

Providing basic literacy skills to out-of-school youth--both dropouts and graduates--presents a different challenge. It is well established that a large proportion of these youths fail in--or are failed by--schools because the traditional education structure does not challenge them sufficiently or is not flexible enough to meet their particular needs. It would not be sound policy to try to lure these youths back into the same eduational setting that failed them before. Alternative education systems are necessary. In some cases CETA prime sponsors or community based organizations under contract to prime sponsors have established stable and effective alternative education programs. In other cases, school systems have developed alternative structures, either on their own or in concert with other local agencies (prime sponsors included). Obviously local capacity and preferences vary from area to area. Federal policy should leave the choice of deliverers open to local decisionmakers, but it should provide for experimentation and continuation of promising trial projects at least until such trials have proven successful enough to gain local public acceptance and support.

Improving Job Skills

The value of extensive occupational skill training for increasing the employability and earning power of school-age youths is open to question. This is because few skilled jobs are open to entry level workers immediately out of school and, more importantly, because occupationally-related skills are acquired in a variety of ways. The mere existence of a pre-employment training course does not automatically confer the stamp of legitimacy--employers have to recognize it as a source for recruitment.

Secondary school vocational education might be justified, however, not for its direct effect on placement and earnings, but rather as a curriculum better suited to hold certain types of students in the schools. To the extent that this effect can be demonstrated, and that the curriculum succeeds in raising academic achievement and in helping to socialize prospective workers, skill training at the secondarylevel may serve a useful purpose and the federal government should support it. Federal youth development policy should continue the pressure that federal vocational education laws already apply to broaden the population served by vocational education and better penetrate the at-risk population interested in pursuing vocational training. There should be two objectives to such a strategy: (1) to increase the enrollments of educationally and economically disadvantaged and handicapped youth in vocational programs, and (2) to increase vocational staff capacity to serve the special needs of these students.

Vocational education is not the only vehicle for skill training. The CETA prime sponsor system was also created to serve that purpose. The role of the CETA system in providing skill training for youth should be developed carefully, however. The CETA system should not compete with mainstream training institutions for students, but should reinforce and complement those efforts when mutually agreeable. The CETA system should provide training to under- or unemployed, out-of-school youths. Even for this group intensive training should be undertaken cautiously, since it has little effect on later earnings or even occupational choice. Young dropouts do not leave school to get a headstart on their careers, and in fact, are inclined to change jobs frequently. They are not ideal candidates for major training investments. More intensive training opportunities should be available for older, out-of-school youths as well as youths under 19 who have displayed interest and aptitude in particular skill areas. These opportunities might include pre-apprenticeship, apprenticeship and on-the-job training.

In central cities and rural areas lacking skill training facilities it is hard to justify massive investments in such facilities for the benefit of youths alone. Furthermore, their problems are not separable from the problems of older adults, employers and the community at large. The federal government should underwrite development of skills training facilities in hardpressed central cities and rural areas only as part of a combined strategy to support youth and adult employability development goals as well as larger economic development goals. Obviously, because of the diminished ability of center city and depressed areas to pay for new services, these areas cannot contribute as large a share of local money as other areas. For that reason, federal vocational education spending for this kind of program should be proportionately higher than usual to achieve the desired results.

For youth with severe educational handicaps and debilitating family environments who cannot be served directly by prime sponsors, the Job Corps provides intensive supportive services and counseling in a residential setting. This extraordinary support capacity should be retained, and sponsors should be cautious in attempting to develop program approaches to serve the extremely disadvantaged and hardcore unemployed youth for whom the Job Corps is better suited.

In assessing the nation's capacity to develop human resources, the armed forces are frequently overlooked. Each year, the Department of Defense spends annually more than three times as much as the CETA system does for education and training programs. The military has developed a number of intensive programs for providing compensatory education to the many enlistees with low educational achievement. These efforts appear to be paying off in higher achievement levels and retention rates among entrants who show low ability initially. The armed forces should be utilized as an alternative institutional setting offering additional opportunities for jobs and human resource development for poor, skill deficient and educationally disadvantaged youths encountering difficulties in the civilian labor market. The military also can serve as an alternative for youths who, though not suffering severe labor market impairments, are not equipped or inclined to settle down into a definite career. It can extend the socialization process and provide the institutional structure that many youths need to prepare themselves for the responsibilities of adulthood.

In order to better inform youths of their options, prime sponsors and local armed forces recruiting offices should be encouraged to familiarize themselves with each others' services. Where complementary service offerings are feasible, appropriate arrangements should be pursued in order to increase the employability development opportunities for youths entering either system.

Labor Market Services

Improved basic competencies are only the starting point for youths hoping to compete successfully in labor markets. Youths need an understanding of how the labor market works, the kinds of jobs they are equipped to handle, the preparation they need for later careers, and how they can find work.

To help youth find job opportunities, greater emphasis is needed on instructing youth on job search techniques and aspects of labor market operations. In addition, a key part of every placement and training agency's activities should include direct linkages with employers, including the capability of offering on-the-job training opportunities.

The young adults needing this kind of help are both in school and out of school, so the institutional arrangements for providing such services are not likely to be neat. Since responsibility for smoothing the transition from school to work is normally beyond the services provided by education institutions, the 1977 youth legislation earmarked funds to induce schools to provide career guidance counseling to noncollege bound students. Even without federal assistance, some school systems are developing work experience programs and placing enrollees in them. The direction of these changes is promising, but the results so far are limited.

The institutional linkage fostered by the 1977 youth legislation should be encouraged in the hope that the induced collaboration will mature and bear fruit. Crude estimates indicate that school-based programs are typically diverting the bulk of their resources to enrollee stipends and wages, contributing little to the institutional changes necessary to make employability development a more integral part of the education process. To assure that money is available to buy the changes necessary in schools and shield local administrators from pressures to create as many youth jobs as possible, the share of each sponsor's allocation that goes to local schools should be clearly available for costs other than enrollee stipends.

Job Creation

Regardless of how well youths are prepared for work and how efficiently labor markets function, unemployment will remain high unless there are enough jobs to go around. Plainly, more jobs are needed. At issue is how additional employment should be generated.

The focus on inflation and the need to reduce the federal deficit are likely to preclude much use of economic stimulus as a policy tool to ameliorate the problem of youth unemployment. This means that other measures are necessary to close the job gap.

One strategy is to increase demand for youths in private sector jobs, requring the recognition of extra costs involved in hiring youth. Presumably inexperienced youths tend to be less productive than other workers. Hiring youth may also involve added training including higher supervisory costs due to their higher turnover, and rising unemployment insurance and workers' compensation costs. To help offset the real and perceived costs to employers of hiring youths, the federal government should permit CETA prime sponsors to pay wage subsidies, ranging up to 100 percent. As worker productivity picks up, subsidies should be phased out. The development of unsubsidized jobs should be stressed, however, not only because they are easier on the public purse, but also because they enable CETA sponsors (or whoever conducts placement activities) to broaden the base of youths served as well as to broaden the base of employer participation.

Although unsubsidized job development ought to be reserved mainly for older youth (18 and over), the Targeted Jobs Tax Credit now in effect should be extended to cover 16 and 17 year olds. The present provisions leave them at a disadvantage because of their higher wage bills relative to older youths already covered.

Regardless of policy on subsidies and tax credits, there should be greater emphasis on developing jobs in the private sector. In order to encourage such job development, local administrators need to be given resources, technical assistance, and incentives. Because youths in need of jobs are found in school and out of school, there should be an institutional capacity to serve both without creating a situation in which job developers get into competition with one another. Either the budding private industry councils established under CETA or the employment service could be instrumental in performing these services in collaboration with CETA prime sponsors and local education agencies.

The private sector should be expected to provide some opportunities for employment. But, even with prodding, even private sector opportunities will not be sufficient to obviate the need for public sector job creation. At least during economic slowdowns and probably even in the best of times, the mainstay of any jobs program for youths will have to be subsidized employment in the public and private non-profit sectors.

Subsidized job creation should be designed to provide income transfer and credible work experience that, at a minimum, teaches participants good work habits. Job subsidies should be restricted to economically disadvantaged youth and concentrated on older and out-of-school youths. Job creation for youths under 18, though important, should be assigned a lower priority. Work is all too likely to become a competitive alternative to school. "Career relevance" and "meaningfulness" are not important criteria in creating jobs for younger youths; most have only a vague notion of what they want to do for a living. Even the most career-minded youngster just starting to work needs a well-supervised job more than placement on the first run of a career ladder. For older and out-of-school youth, job placements should be matched with career interests or be designed to provide an opportunity to provide an opportunity or testing career areas, since job content becomes progressively more important in making long-term occupational commitments.

The public service employment expansion of the mid- and latter 1970s and the annual implementation of the summer youth jobs programs have demonstrated that it is extraordinarily difficult to develop large numbers of well-supervised jobs quickly. Since numbers are less ambiguous than the quality of supervision, the latter invariably suffers. Prime sponsors should be permitted discretion in using some summer jobs money to create year-round opportunities. In order to minimize disruptive surges in enrollment levels, they should also be given sufficient spending flexibility to stagger enrollments.

Sixteen years after enactment of the Civil Rights Act, discrimination still pervades the marketplace. The federal strategy under current conditions should focus on encouraging administrators to enforce existing statutes more conscientiously and vigorously than they have been. A number of federal agencies provide national leverage points for increasing the impact of existing antidiscrimination statutes. They need to be given the mandates and assured the resources to fight discrimination in labor markets, especially where it falls heavily on youths.

Operational Issues

Aside from the program elements that should be incorporated into a national youth policy for the 1980s, there are two important operational considerations that need to be addressed: targeting of employment and training services, and the relation of youth services to adult services.

Targeting

Income has been utilized frequently as an eligibility criterion for employment and training. The experience under the youth employment and training programs of the past two years, however, opens to question the reliability and validity of family income as a predictor of the need for employability development services among youths. The current reliance on family income as an eligibility screen for training should be relaxed. There appear to be a great number of youths who are not from low-income families, but who experience obstacles to employability and earnings.

These youths are from broken homes, they have emotional and physical problems, learning disabilities and histories of drug abuse or run-ins with the law. They too are in need of extra help and they lack alternative avenues for assistance.

Another reason for reconsidering income eligibility criteria is that targeted programs are proving not to have as broad appeal to local schools and employers as untargeted programs. This is because, first, the current standards preclude participation of many youths whom school counselors and teachers know to be in need of manpower services; the "arbitrary" exclusion of such youths diminishes staff support for the programs. Second, by narrowing the base of youth participation, policymakers trade a higher concentration of resources for a narrower base of parent and employer support and less ability to leverage school support in providing labor market services and employer support for hiring youths.

There is a danger that relaxing income eligibility criteria will lead to resources being spread too thinly. This dilution can be minimized by sharpened program design. For younger youths still in school it is possible to use lower cost counseling and informational services. For youths over eighteen subsidies can be reserved for low-income youths allowing administrators some discretion in relaxing income standards for a small proportion of enrollees suffering from other handicaps.

Less restrictive eligibility criteria will broaden the client population and institutional base, and help eliminate the poverty stigma attached to many of the CETA programs. In the long run, this may increase both their acceptability and effectiveness.

Integrating Youth and Adult Services

Since enactment of YEDPA, CETA administrators have found it easier to establish discrete program tracks to serve youths and adults. Separate planning and program requirements, regulations, accounting and reporting guidelines, and a distinct national emphasis on youths contribute to the creation of dual tracks. Yet, separate youth intake, counseling, and program agents reduces both the efficiency and effectiveness of local operations. It fosters duplication, reduces the opportunity for taking advantage of economies of scale, creates an artificial distinction between the problems of youths and adults, and prevents exposure of youths to older enrollees with broader work experiences. In fact, CETA prime sponsors do need to provide certain services for meeting the special needs of youths. The failure to do so in the past contributed to the impetus for the 1977 youth initiative. But, since most of the needs of youths are not clearly differentiated from those of adults, comprehensive delivery systems should be used as much as possible. The Congress and Department of Labor should assure that new legislation and implementation of such legislation encourages unified delivery as much as possible.

Needs and Funding

The Council favors a comprehensive national youth development policy. It should be of sufficient scale to provide educational and skill competencies, alleviation of discriminatory barriers to employment, and increase job opportunities for poor and minority youth.

Compensatory education should be extended to the secondary school level. Given the recent decline in real state and local outlays for education due to falling enrollments, the federal government should not have to shoulder the entire new burden for compensatory education. But it needs to provide some leadership, if not for narrow educational purposes, then for larger human resource development purposes. The same applies to support for well-documented career education techniques.

Net new money is needed to upgrade or establish new vocational training facilities in declining central cities and rural areas. Because establishing new skills centers is likely to be expensive and involve extensive local planning and development of a "market" among local employers for trainees, resources should be directed to only a few areas so as to provide all the resources needed to establish new facilities. Site selection should depend on the absence of existing facilities and the likelihood of generating sufficient demand for trainees. New resources will also be needed for additional job creation, labor market awareness, career exploration and vocational counseling services.

The program specifications proposed here are only meant to suggest national needs. In fact, rather than recommending rigid categories of service, the Council endorses encouraging local discretion in developing programs for youth.

The Carter administration appears to have recognized the need for new funding for programs along the lines suggested here. We stop short of proposing funding levels for new youth initiatives or suggesting reallocation of existing funds that would require placing the needs of youth in the hierarchy of pressing national priorities. Ultimately those decisions are dictating political judgements and do not depend on any empirical analysis of the problems of youths or the relative effectiveness of solutions to their problems.

The Council does recommend, however, both that resources be made available in sufficiently large amounts to insure that the new initiatives will have a significant effect, and that the resources support a balanced mix of developmental services, training, labor market services, and job creation. In increasing resources, however, care should be taken not to exceed the administrative capacity for expansion of local operations.

If resources cannot be increased, current programs should not be disturbed, in order that they can benefit from some continuity and stability.

The Council strongly recommends that, in adding resources for new youth programs, they not be reallocated from existing employment and training programs for adults nor from compensatory education programs for elementary school students. Faced by the prospects of rising unemployment and the presence of many unskilled and unemployed persons, we can ill afford any changes in policy that would have the effect of weakening employment and training services for adults. Compensatory education programs in elementary schools are similarly essential and should be left untouched. As a matter of public policy, we should not sacrifice programs of known effectiveness in favor of new and untried initiatives.

Senator **Williams**. Thank you very much, gentlemen.

Mr. **Wirtz**. Thank you, Senator.

Senator **Williams**. The hearing is now adjourned.

[Whereupon, the subcommittee was adjourned at 12:25 p.m.]

YOUTH EMPLOYMENT AND WELFARE REFORM JOBS, 1980

THURSDAY, MARCH 6, 1980

U.S. SENATE, SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR, COMMITTEE ON LABOR AND HUMAN RESOURCES,

Washington, D.C.

The subcommittee met, pursuant to notice, at 9:45 a.m., in room 4232, Dirksen Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Senator NELSON. The Subcommittee on Employment, Poverty, and Migratory Labor, begins its second day of hearings on youth employment issues, and on the jobs component of the administration's welfare reform proposal. Yesterday the subcommittee received testimony from Secretary of Labor Ray Marshall, and from three expert witnesses on employment and training issues.

Today the committee is pleased to have representatives of the U.S. Conference of Mayors, the National Association of Counties, the League of Cities, and the AFL-CIO, to testify on these important matters.

Our witnesses today will be Hon. Daniel Whitehurst, mayor of Fresno, Calif.; and Hon. William Stansbury, mayor of Louisville, Ky., representing the U.S. Conference of Mayors; Hon. Charlotte Williams, a county commissioner from Genessee County, Mich., and Hon. Paula MacIlwaine, a county commissioner from Montgomery County, Ohio, representing the National Association of Counties; Hon. Carol Bellamy, the city council president, New York City, representing the National League of Cities and Mr. Robert McGlotten, the associate director, legislative department of the AFL-CIO.

The committee is pleased to have you take the time to come here and testify today. I apologize for being late. I had some people in conference from my State that ran a little past 9:30, and I regret having delayed you.

Would you identify yourselves and your associates for the reporter, starting over here, and going down the line so that the reporter will have an accurate record.

Mr. STANSBURY. William Stansbury, mayor of the City of Louisville, Ky.

Mr. MCPHERSON. Michael McPherson, U.S. Conference of Mayors.

Mr. WHITEHURST. Daniel Whitehurst, mayor of Fresno, Calif.

Ms. NICKERSON. Carol Nickerson, U.S. Conference of Mayors.

Senator NELSON. Now, we'll proceed any way you desire. If you have prepared statements, your statements will be printed in full in the record, and in order to get through today, if you can summarize and avoid duplication, we would appreciate it. Who will be starting?

Mr. WHITEHURST. I think I will lead off, Mr. Chairman.

STATEMENT OF HON. DANIEL K. WHITEHURST, MAYOR OF FRESNO, CALIF., ACCOMPANIED BY MICHAEL McPHERSON, U.S. CONFERENCE OF MAYORS

Mr. WHITEHURST. We do have a written statement to submit, and I will abbreviate that statement for you.

I chair the Conference of Mayors Subcommittee on Youth, and it's our pleasure to discuss with you this morning our perspectives on needed revisions to youth employment legislation.

Our ideas are based upon our experience as chief local elected officials in our communities, and as managers of local CETA programs.

USCM conducted a joint project with the Department of Labor, to obtain input from mayors around the country on the subject of youth legislation. It's not necessary here to dwell on the nature and scope of the youth unemployment problem. However, it may interest you that while official statistics place urban youth unemployment at 32 percent, some of our cities experience rates approaching 50 percent among intercity poor and minority youngsters 16 to 21 years of age. Of course, our cities have to deal with the problems that result from this high unemployment level.

Based on those observations, the Conference of Mayors has for a number of years been actively involved in promoting youth programs as a comprehensive and integrated part of community services. We have promoted Federal, State, and local cooperation to employ youth to revitalize our cities by improving deteriorating structures, to expand social services, to improve transitioning from school to work, to improve local educational opportunities, and to provide tax incentives or wage subsidies to the private sector to promote meaningful and long-term employability opportunities for disadvantaged youth.

We discussed these concerns at our last annual meeting during which we acknowledged youth unemployment as one of the critical problems of our cities, and called for a national youth employment policy.

I'd like to discuss some of the recommendations of the joint project with the Department of Labor under which we visited cities around the country and viewed outstanding youth employment programs. This year-long project was called the youth education and assessment program and involved mayors from around the country. We visited four cities; Boston, Mass.; Berkeley, Calif.; Tulsa, Okla.; and Memphis, Tenn.; and looked at the youth employment programs in those cities.

These were extensive 2-day visits. We interviewed students, other young people, program operators, employers and had a chance to really focus on some of the areas we think need to be considered in future youth employment legislation.

We have forwarded our suggestions to the Department of Labor, and I'd like to summarize them for you now.

First, it became apparent to us that the role of education is a priority concern in this whole matter of youth employment, and our finding is that each young person should receive an adequate education and be ready to enter the labor force.

It became clear to us that the most successful programs were the ones in which the local governments, the private sector, and educational agencies were working together. The involvement and the coordination of the educational system, with the CETA delivery system are essential.

Senator **Nelson**. Are you talking about programs in which you were dealing with out-of-school youth?

Mr. **Whitehurst**. Both, in school and out of school. But even with out-of-school youth, there is an educational component for the job training that you're doing. The cooperation of local educational institutions in relating to their in-school youth, and assisting in the training of kids who have dropped out of school, were found to be critical.

What's happened in a lot of communities is that the local government spends its CETA moneys on youth programs, while the schools have their own vocational educational programs. Under recent legislation it has been proposed that a certain amount of CETA funds be routed through the school districts. We found that the successful programs were the ones in which the school systems themselves went far beyond their cooperative efforts and saw their job as part of their mission to reduce youth unemployment and to prepare youth for the world of work.

The major ingredient in the successful programs was the close cooperation of the prime sponsor agency and the school system.

Our next major finding, as we looked at communities that were successful, was the heavy involvement of the private sector and the labor community. And we for that reason, support cash incentives to involve the private sector. Again, where it's just a city or a prime sponsor taking CETA funds and trying to operate programs, we found those programs to be sort of flat. The programs that seemed to be making progress were the ones where the schools, the private sector and the city or the prime sponsor were working together.

The third major concern developed by our committee is the need for equalization of eligibility requirements for all youth programs. The various categories of the youth legislation have different eligibility requirements, and different age and income levels for in-school, out-of-school youth. Our recommendation is that we extend eligibility to 100 percent of those with below standard income. I believe the NACO testimony, which you'll be hearing, includes a similar recommendation.

The final recommendations that we want to address, are the decategorization of youth unemployment programs and multiyear block grant funding. We look to the community development block grant as a model in which we would like to see legislation in which Congress tells us, "Here are the kinds of programs we want you to fund. However, you may tailor them to your own community, and decide how much you want to spend on the summer, year-round, on-the-job training programs, other kinds of training, et cetera."

We would like to have that kind of flexibility. We found that those cities operating the best youth employment programs were the ones which sought to develop flexibility, by using CETA—rather the youth employment legislation—to enhance ongoing programs in their community.

A problem that we've all experienced is the unpredictability of funding. Therefore, we're looking to multiyear block grant funding to allow us to plan a year or two in advance. Too often we are advised in September of the funding levels we'll be working with in October.

Therefore, we're interested in a block grant approach rather than separate programs, such as summer, in-school, and out-of-school projects. We would like to have a block grant approach with general criteria. However, we're not talking about giving up accountability. We think that, just as in the community development block grant program, there must be the same kind of accountability and standards for us to follow; but we think this greater flexibility will allow us to do a better job.

Addressing specifically, now, the administration's proposed Youth Act of 1980, we find that this legislation would provide local prime sponsors broader and more flexible program design and delivery capacity. We like the fact that it gives us flexibility and consolidates localized CETA programs that offer preemployment assistance, preparatory education and training and entry level work experience.

The present YETP, YCCIP, and SYEP, would be combined into one youth grant, along the lines I just mentioned.

Funds would be allocated on a formula basis according to poverty, youth population, and population density, and provide allocations for 2 years. The local prime sponsor could choose the mix of year around and summer activities based on local conditions. In other words, the administration's bill provides the advanced 2-year funding and flexibility that we're looking for.

Also in line with our recommendations, the joint DOL-HEW legislation tightens performance standards for prime sponsors while placing some responsibility on the youth. It would entitle registrants to certain services, conditioned upon the participant's efforts and accomplishments.

We're also interested in seeing a greater integration of youth and adult programs in the proposed legislation.

The legislation requires community input for the development of evaluation criteria and includes a program of incentives to encourage prime sponsors to establish linkages with local school systems. It still, however, leaves the local prime sponsors with the task of tying those agencies together.

Although it is difficult for prime sponsors to change local educational systems, we feel it is essential that local educational systems be more responsive to the overall issue of youth unemployment.

S. 1129, which was introduced by Senator Kennedy, provides for a cash incentive program for cities to produce significant changes in the outcome of these programs and calls for actual posttraining employment of program participants. While funds would be distributed according to the current formula during the first 2 years, the third-year funds would be comprised of rewards for positive outcomes.

Although this system would provide the prime sponsor with incentives as recommended by the mayors, these provisions are not consistent with our view that multiyear block grant funding is the most desirable funding mechanism. This approach would still prevent us from carrying out the kind of planning we think is needed to do to do a good job.

In addition, this rewards system might lead prime sponsors to train only those youth who appear to offer more prospects for positive outcome, while neglecting the hard-core unemployed.

One of the problems we found in the cities we visited was the difficulty in motivating those kids who are really "hard-core unemployed." We're afraid that this reward system may lead prime sponsors to deal only with those kids who have motivation.

I would now like to address bill S. 2021, introduced by Senator Metzenbaum and five of your colleagues, which is designed to create large-scale youth employment projects in the area of energy conservation and development. Our view is that although it may fit in well with existing YEDPA programs, more flexibility is needed. It addresses the well recognized need for energy conservation, but does not replace any of the existing youth unemployment programs.

Bill S. 2218, introduced by Senator Javits, amends the current CETA youth programs to provide much needed combinations of work experience, skill training, remedial education, counseling, and supportive services. It would require development of personalized youth employability plans, and establishment of a National Council on Education and Work. It calls for more private sector involvement and coordination of title VII activities with local economic development programs, another feature welcomed by the Mayors.

S. 2219, while part of a group of bills, is aimed at restructuring the current youth legislation. Mr. Javits second bill calls for amendments to the Social Security Act and the Internal Revenue Code. These provisions would exclude social security taxes from remuneration paid to economic disadvantaged youth during the first 6 months of employment under a cooperative education program.

I'd like to add that each of these pieces of legislation contain valuable provisions and promising approaches that my colleagues and myself in the Conference of Mayors hope to see incorporated in the final act. We're confident that the outcome will strengthen and improve the youth initiatives, which has already made some meaningful, though still limited, inroads into this pervasive national problem.

Again, in summary, Mr. Chairman, we're most interested in greater flexibility, a block grant approach, and incentives for cooperation by the private sector in the educational systems.

[The prepared statement of Mr. Whitehurst follows:]

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STATEMENT OF

THE HONORABLE DANIEL K. WHITEHURST
MAYOR, CITY OF FRESNO, CALIFORNIA

on behalf of

THE UNITED STATES CONFERENCE OF MAYORS

on

YOUTH EMPLOYMENT

before the

SUBCOMMITTEE ON EMPLOYMENT,
POVERTY AND MIGRATORY LABOR

of the

SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

March 6, 1980

Mr. Chairman, members of the Senate Employment, Poverty and Migratory Labor Sub-Committee, I am Daniel Whitehurst, Mayor of Fresno, California and Chairman of the U. S. Conference of Mayors' Subcommittee on Youth. On behalf of the Conference of Mayors and myself, I would like to express appreciation for this opportunity to explore with you and members of the subcommittee our perspectives on needed revisions to the youth employment legislation.

The ideas that I will present today are based on our experience as chief elected officials and as the managers of local CETA programs. My suggestions are derived from a joint (Conference of Mayors - Department of Labor) project to obtain input from Mayors throughout the country for the revision of the current youth legislation.

It certainly is unnecessary here to dwell on the nature and scope of the youth unemployment problem. However, it might interest you that while official statistics place urban youth unemployment at 32 percent, some of our cities experience rates approaching 50% among inner-city poor and minority youngsters 16 to 21. Each of us here today is familiar with the predictable and disturbing records of vandalism, drug and alcohol abuse, mental illness, crime and dependance on public assistance that pattern the lives of these youth.

Mayors, as the chief elected officials in the nation's cities, have ample opportunity to observe the effects of these problems on our local youngsters. As a result, members of the

Conference of Mayors have, for a number of years, been actively involved in promoting youth programs as a comprehensive and integrated part of community services. As far back as 1975, we promoted federal, state and local cooperation and coordination to:

- Employ youth to revitalize our cities by improving deteriorating structures;
- Expand social services, recreation and vocational training to help youth make the transition from school to work;
- Improve local educational opportunities and promote the continuation of education to our youth;
- Provide tax incentives or wage subsidies to the private sector to promote meaningful and long-term employability opportunities for disadvantaged youth.

Our continuing concerns were reflected in policy adopted at our last annual meeting, acknowledging youth unemployment as a critical problem, and calling for the development of a national policy on employment.

In addition, the Conference of Mayors, with funding from the Department of Labor(DOL), Office of Youth Programs, sponsored a program designed to obtain input from Mayors throughout the country for revision of the Youth legislation. As a part of the Office of Youth Program's Knowledge Development Program, the project broadened the awareness of Mayors about the innovative approaches to youth employment through visits to cities operating outstanding Youth Employment and Demonstration Projects Act (YEDPA) programs. From the Mayors' observations of the sites they visited, coupled with their own experiences in youth employment efforts, a series of policy recommendations were developed for DOL consideration. This same information can, I hope, assist the committee as you consider the different approaches to the problem.

I would like to provide a brief overview of the Mayors' Youth Education and Assessment Program, and then for the record present the recommendations that were formulated by the participating Mayors. Finally, I will briefly comment and apply this criteria to the bills under consideration by this committee.

The year-long Youth Education and Assessment Program enabled Mayors from a variety of cities throughout the country to visit outstanding YEDPA projects in four cities -- two of which had Entitlement projects, and two which had developed innovative exemplary programs. These sites, which were selected included a variety of different program types and approaches.Cities visited were: Boston, Massachusetts, Berkley, California, Tulsa, Oklahoma, and Memphis, Tennessee. These cities were selected through a careful program review and assessment to ensure that the visits would result in a valuable experience for Mayors.

At the conclusion of the 2-day visits, Mayors took part in a round table discussion of impressions and filled out questionaires sampling Mayoral opinions of the YEDPA status nationally. Mayors developed specific views on what future youth employment and training programs should address. These views were accepted by our membership during the mid-winter meeting in January, 1980. We also forwarded these concerns and suggestions to the Department of Labor, and briefly I would like to share these concerns with you also.

- Each young person should receive an adequate education and be ready to enter the labor force. Mayors recognized the necessity to integrate the local educational system and the CETA delivery system. We felt that valid measures should be devised to demonstrate program effectiveness, and that all parties should be equally accountable for the success or failure of a program. In addition, alternative educational settings should be provided where the scholastic, physical, or special needs programs offered by the regular school systems are unattractive to youth.

- Mayors also saw a need for substantially increasing the involvement of and agreements with labor unions, private sector industries, and small and minority-owned business. Cash incentives should be provided to prime sponsors who have demonstrated an ability to operate effective programs with the private sector. To increase the involvement of small business, a cost-sharing formula should be used to reimburse the employer for costs of training a young CETA employee. The reimbursement should be negotiated with the initial employment contract to eliminate red tape.
- A third major concern is the equalization of eligibility requirements for all youth programs, and securing for youth a percentage of jobs created by federally funded economic development efforts. By extending eligibility to 100% of those with below standard income permits flexibility in serving a greater portion of the youth population. Mayors also noted that, while economic incentives have been used to attract private industries back to cities,

the majority of these programs are structured to accommodate only adult CETA eligibles. The same kinds of coordinated agreements should be applied to the youth programs. This change would permit consolidation of assistance from a variety of agencies and eliminate the current categorization of youth programs, allowing the prime sponsor to develop more comprehensive programs.

- Finally, we called for decategorization of youth unemployment programs and for multi-year block grant funding. This change would permit prime sponsors to design activities on a long-range basis, and to better meet the needs through improved planning. We also proposed that smaller cities, which have demonstrated an ability to operate effective programs should be given recognition as possible recipients for direct funding.

Mr. Chairman, I will briefly relate our assessment of the proposed youth legislation using the policies recommended by the U.S. Conference of Mayors.

Proposed Administration Youth Act of 1980

The Administration's proposed youth legislation provides local sponsors broader and more flexible program design and delivery capacity than the present legislation. It would consolidate all localized CETA programs that offer pre-employment assistance, preparatory education and training, and entry level work experience. The present YETP, YCCIP, SYEP, and pre-employment activities would be combined into one "youth grant." These grants would be allocated by formulas based on poverty, the youth population, and the population density. Allocations would be made for 2 years, and the prime sponsor would choose the mix of year-round and summer activities, based upon local conditions and the needs of the individuals served.

I believe that the resulting decategorization offers the flexibility called for by our membership. Provisions of this proposed legislation also would improve the cities' abilities to develope long range plans.

Also in line with our recommendations, the joint DOL-HEW legislation tightens performance standards for prime sponsors, while placing some responsibility on the youth. It would "entitle" each registrant to certian services, but the "entitlement" would be conditionally upon participant effort and accomplishment.

While we would like to see more integration of youth and adult programs under this proposed legislation, the proposed mechanism for delivering basic skills education is a positive feature. The modular concept for skills education seems to be worth trying and appears to be an improvement over the current legislation's reliance on the prime sponsor to develope outlines of a remediation scheme.

The proposed Administration's legislation requires community input on a wide scale for development of enrolee and prime sponsor evaluation criteria. In addition, it contains a significant program of incentives designed to prod prime sponsors to establish formal linkages with local education agencies and post-secondary schools. These provisions are consistent with approaches suggested by the Mayors. I must add, however, that it still leaves the prime sponsors with the task of formally tying the cooperating agencies together.

The Title II Youth Education and Training provisions of the proposed legislation developed by the Office of Education, I believe could provide stronger provisions ensuring a more complete comprehensive approach, thereby, improving the quality and the value of program outcomes. For example, there is not enough accountability built-in for required educational institutions receiving funds. In addition, it may be questionable that the meaningful changes can be promoted and brought about within the existing educational system, even with infusion of generous funding.

S-1129

This proposal, introduced by Senator Kennedy, is based on the premise that traditional training and employment have not worked effectively and that cash incentives to cities will produce significant changes in employment and/or educational outcomes for economically disadvantaged youth.

This bill amends the CETA Act to provide incentives to sponsors, based on post-training employment of participants in the programs. While funds would be distributed according to the current formula during the first two years, the third-year funds received by the sponsor would be comprised of rewards for positive outcomes of training for individual participants. Although this system clearly would provide the prime sponsor incentives recommended by Mayors, these provisions are not consistent with our view that multi-year block grant funding is the most desirable funding mechanism for youth employment programs. In addition, this reward system might lead sponsors to train only those youth that appear to offer prospects for positive outcome, while neglecting those hard-core unemployed who most need the assistance. Thus, what appears on the surface to be a method for gearing funding levels to program performance, we believe, would not promote the long-range viability and high quality services needed to impact the youth unemployment problem.

S. 2021

This bill, introduced by Senator Metzenbaum and five of his colleagues, is designed to create large-scale youth employment projects in the areas of energy conservation and development. The legislation would create a National Youth Employment Commission charged with implementing large-scale, multi-year projects providing youth employment in such tasks as weatherization, alternative energy development, mass transportation, and low-head hydroelectric dam restoration.

The bill would establish commendable program linkages between the Department of Labor, Transportation, and Energy. Projects would be located in areas of high unemployment, and would be initiated at the local level. While this bill attempts to address the well-recognized national needs for energy conservation as well as jobs for youth, this legislation would not replace any of the existing youth unemployment programs. Rather, it would introduce a new approach which I believe might benefit the current YEDPA programs.

S. 2218

This bill, introduced by Senator Javits, amends the current CETA youth programs to provide much needed combinations of work experience, skill training, remedial education, counseling, and supportive services. It would require development of personalized youth employability plans and establish a 15 member National Council on Education and Work. The bill is responsive to the Mayors' recommendations for offering incentives to the private sector. It provides for a special voucher program involving a select group of summer youth participants. Vouchers could be redeemed by employers for a value equal to the number of hours minimum wages are paid to participants. The Javits' bill calls for more private sector involvement by allowing payment of subminimum wages for participants 14 to 15 years of age, and provides flexibility in determining wages for pre-apprenticeship programs. In addition, calls for coordination of Title VII activities with local economic development programs, another feature welcomed by the Mayors.

S. 2219

While part of a group of bills aim at restructuring the current youth legislation, this second bill submitted by Mr. Javits calls for amendments to the Social Security Act and the Internal Revenue Code of 1954. These provisions would exclude social security taxes from remuneration paid to economically disadvantaged youth during the first six months of employment who participate in a qualified cooperative education program.

Mr. Chairman, in summary, I would like to add that each of these pieces of legislation contain valuable provisions and promising approaches that I and my colleagues in the U. S.

Conference of Mayors hope to see incorporated in the final Act. We are confident that the outcome will strengthen and improve the youth initiatives, which already have made some meaningful, though still limited, inroads into this pervasive national problem.

I want to thank each of you for your time and attention. I hope that the perspectives of the local officials that I have presented will assist you in your efforts to revamp the youth employment legislation.

Mr. Chairman, I will happy to answer any questions.

Senator NELSON. Thank you very much, Mr. Whitehurst.

Mayor Stansbury you may proceed.

STATEMENT OF HON. WILLIAM STANSBURY, MAYOR, CITY OF LOUISVILLE, KY., ACCOMPANIED BY MICHAEL McPHERSON AND CAROL NICKERSON, U.S. CONFERENCE OF MAYORS

Mr. STANSBURY. Thank you, Senator. I'm very pleased to be here on behalf of the U.S. Mayors Conference to present our views on these important topics of jobs and welfare reform.

My comments are much more statistical and technical and I will not be able to summarize as Dan has. If you will bear with me through my comments, I would appreciate it very much, sir.

People of limited income have been, and are increasingly, concentrating in cities. Higher levels of inflation and unemployment have dramatically increased the number of people in our country, especially in our cities, who do not earn enough money to afford a decent standard of living.

Because of this high level of inflation and unemployment, low income and poor people continue to migrate to urban cities across our country. This migration is in response, and also is in search of immediate aid. Problems which these individuals face are sometimes short term and sometimes long term. People look to cities for solutions to their numerous problems of housing, work opportunities, growth, development; but needless to say, our resources are limited, but we're unable to help all of those who seek our support and help.

There is just never enough resources for everyone to receive their fair share, and this is a burden that every elected official across this country faces daily.

During the past decade, many innovative approaches have emerged addressing some of these problems. These efforts have impacted the problems and provided significant positive results, but we still have the problems which indicates that we lack a comprehensive approach to welfare reform. We continue to attack the puzzle, but we never complete the picture.

The Department of Health, Education, and Welfare introduced the work incentive program, WIN, in 1968. This program attempted to reverse or at least limit the growth of welfare roles. WIN was intended to provide as many as 900,000 individuals and their families with jobs, but was not the first attempt to reduce welfare roles, although it differed considerably in two respects. First, it levied work requirements on all employable AFDC recipients; and second, it inserted an earnings disregard.

However, the most important aspect of WIN was its increased emphasis on training and employment to transition individuals from welfare roles to unsubsidized employment.

In 1971, WIN was amended. The WIN-II emphasis, was changed and stated that training and other services could only be provided when job placement was impossible. Upgrading an individual's skill was forbidden if a less skilled job opportunity was immediately available. Public service employment was permissible, but only as a last resort. The WIN-II changes brought about a significant increase in unsubsidized job placements which ranged from 16.5 percent on June 30, 1972, to 30 percent on June 30, 1973.

In the first 9 months of WIN-II, the number of unsubsidized placements equalled the total number of placements for the entire 4 years of the WIN-I operation. The earned income tax credit, EITC, was another incentive to enhance welfare recipients to secure unsubsidized employment. It provides a credit equal to 10 percent of the earned income for families with children whose annual income is $5,000 or less. This $500 maximum credit is reduced by 12.5 percent of the earned income over $6,000, whereby a family earning $10,000 receives no tax credit at all. By targeting its maximum credit on persons earning $5,000 to $6,000, the effect of EITC is to encourage recipients to take jobs at, or just below, the minimum wage.

Incentives are also used to motivate those assigned to institutional or work experience training under WIN who participate in what is conceived as a short-term program to prepare themselves for jobs. To encourage this participation, welfare recipients receive an incentive of $30 per month plus reimbursement for child care and work expenses in addition to their welfare checks.

While the initial wage received by WIN participants had been $2.28 in fiscal year 1971, it dropped to $2.02 in fiscal year 1973, the first full year of WIN-II.

These low-wage placements governed by regulation state that a WIN placement must be paid at the minimum wage. Because of the low rate, many WIN participants continue to receive welfare subsidies. In fiscal year 1973, only 53 percent of those who had been employed 90 days actually left the welfare roles, and despite an increase in the median entry level, wages in fiscal year 1977, 50 percent of the new jobholders remained dependent upon welfare. Although the purpose of WIN-I and WIN-II was to help welfare recipients off the welfare roles, the effect of WIN-II has forced people into low-wage jobs without actually substantially reducing AFDC payments.

Even a tax credit designed for employers, which provides a 20 percent reimbursement of wages paid to WIN workers for the first 12 months of employment, has developed short-term, low-wage jobs. It was expected that this tax credit would create new jobs, but it's done very little.

The credit temporarily provides WIN participants a competitive advantage over other workers. A 1976 amendment to the Internal Revenue Code reduced this 12-month requirement to 90 days, and allowed the employers to lay off participants prior to that time without losing the credit if the business suffered a substantial reduction.

WIN has been unsuccessful as a program to help recipients work their way off of our welfare roles. In fiscal year 1977, only 317,300 of the 2.6 million WIN participants actually entered employment, and data for 1977 reveals that 25 percent of those placed were unemployed within 30 days of placement. Statistics over the years indicate that between 40 and 50 percent of those placed are again unemployed within 90 days, and less than half of those skilled employed have left welfare roles.

This attrition has been linked to unattractive, unskilled, and temporary jobs, paying wages only slightly higher than the minimum wage. On the average, welfare recipients receive lower wages and poor work assignments over other employees hired by the same employer.

A recent comprehensive evaluation of WIN issued by the U.S. Department of Labor concludes that the private sector does not offer jobs which pay enough or offer the desirable conditions necessary to keep welfare recipients employed on a regular basis. However, when WIN participants were placed in paraprofessional positions in the work incentive program and related fields, public and nonprofit agencies, often with union affiliation paying either 30 to 40 cents more per hour above the average wage under the welfare department project, the average participant remained approximately 15 months.

Senator NELSON. What do you mean? The average stayed where?

Mr. STANSBURY. The average of those who were in this program were staying 15 months rather than those who we were talking about before would be off the roles within some 90 days after they were a participant in the program itself.

This now rebuts, in my opinion, the myth that welfare participants do not want to work. They actually need decent paying jobs.

The administration's work and training opportunities of 1979 propose to amend CETA by adding a section E to title II. This proposal suggests an expanded work program targeted specifically to AFDC recipients. The administration's bill recognizes the employment and training activity operated through CETA which were previously bypassed by other attempts, but the bill indicates that the CETA delivery system does not serve the AFDC welfare recipients.

If this were true, there would be no CETA system, because every prime sponsor in this country would be in noncompliance with the act.

The Conference of Mayors supports the concept of welfare reform, but has some major concern with Senate bill S. 1312 as written. It limits, rather than expands, employment and training activities for those who are most in need. The bill focuses on serving only the adult population, specifically the principal wage earner of a family with a child. The work requirement becomes effective after an extensive 8-week job search effort, rather than offering the full range of employment and training opportunities available through CETA.

The entry level, PSE positions discussed, are only available after 8 weeks of job search in the private sector. These PSE jobs are available for 78 weeks, and if no placement is made in the private sector during this time frame, participants must reenter the job search component.

This activity may reduce the welfare roles and force recipients into low paying private sector jobs; but based on previous experience, few become self-employed and many remain dependent on public assistance.

The U.S. Mayors Conference supports the reduction of welfare costs, fiscal relief for States and municipalities, and simplification and standardization of programs. However, we do not support newly created jobs, whether they be PSE or private, focusing totally on the principal wage earners.

The administration's bill proposes that 1.4 million people would be employed or trained under this bill, 540,000 jobs would be federally subsidized as a last resort, and 600,000 individuals would be referred to the private sector jobs. For the past decade, cities across the country have been operating employment and training programs designed to meet the local labor market needs. These efforts have brought about a working relationship with the private sector, but most took a long time to be put in place. Therefore, to imply that in 1 year an additional 600,000 private jobs could be developed for unskilled and untrained workers may not be practical. The incentives are just not there. To implement a system of this kind, piggybacked on a system already in place, would create a chaotic approach to resolving our unemployment problems.

There will be no winners as it is now designed. We will continue to discourage recipients to seek a better way of life. CETA title II(d), under the 1978 amendment, mandates that members of families receiving Federal assistance be given preference for particular public service jobs. The redirection of 170,000 title II(d) jobs and their consolidation with the proposed title II(e) jobs, will offer a large portion of the urban city population little or no transitional work opportunities. As written, the Work and the Training Act of 1979 discriminates against childless couples, unemployed single individuals, and, in particular, against youth, who account for one-fourth of our labor force and whose unemployment rate within the intercity is 32 percent.

Mr. Chairman, in conclusion, there is no doubt that the administration's intentions are sincere in their attempt to create a realistic approach to accomplishing a welfare reform package within the present budgetary constraints. Please be assured however, that these additional 375,000 new public service jobs proposed under the bill are desperately needed in our cities; but again, the U.S. Conference of Mayors has serious reservations with the redirecting and targeting of the 170,000 CETA title II(d) slots to the new title II(e) eligible participants.

I guess the question should also be asked, do we want to reduce the services to those non-AFDC individuals who are economically disadvantaged?

The Conference of Mayors commends the administration and this subcommittee for expediting this much needed and very important piece of legislation.

In closing, there are a few additional points I would like to make. We must eradicate the stigma we place on welfare workers as they should never be expected to accept less because of their economic situation.

Also, due to our present economic condition, as shown in the past when our economy is in a decline, the private sector seldom expands and usually has to be prompted by the Federal Government to identify and to create new jobs. S. 1312 offers no incentive to our private sector, or more importantly, to the welfare recipients to retain unsubsidized employment.

Thank you, sir.

[The prepared statement of Mr. Stansbury follows:]

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STATEMENT OF

THE HONORABLE WILLIAM STANSBURY
MAYOR, CITY OF LOUISVILLE, KENTUCKY

on behalf of

THE UNITED STATES CONFERENCE OF MAYORS

on

JOBS AND WELFARE REFORM

before the

SUBCOMMITTEE ON EMPLOYMENT,
POVERTY AND MIGRATORY LABOR

of the

SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

March 6, 1980

Senator Nelson and Members of the Subcommittee on Employment, Poverty and Migratory Labor, I am William Stansbury, Mayor of Louisville, Kentucky. I'm pleased to appear before you today on behalf of the U.S. Conference of Mayors to present our views on the important topic of jobs and welfare reform. People of limited incomes have been and are increasingly concentrated in cities. Higher levels of inflation and unemployment have dramatically increased the number of people in our country, especially in our cities, who do not earn enough money to afford a decent standard of living.

Mr. Chairman, because of the high levels of inflation and unemployment, low-income and poor people continue to migrate to urban cities across the country. This migration is in response and in search of immediate aid. Problems which these individuals face are sometimes short-term, sometimes long-term. People look to cities for solutions to their numerous problems; housing, work opportunities--growth--development. Needless to say, our resources are limited and we are unable to help all those who seek our support and help. There is just never enough resources for everyone to receive their fair share. This is a burden that every elected official in this country faces daily.

During the past decade, many innovative approaches have emerged addressing some of these problems. These efforts have impacted the problem and provided significant positive results--

but, we still have the problem which indicates we still lack a comprehensive approach to Welfare Reform. We continue to attack the puzzle--but we never complete the picture.

The Department of Health, Education and Welfare, introduced the Work Incentive Program (WIN) in 1968. This program attempted to reverse or at least limit the growth of welfare roles. WIN was intended to provide as many as 900,000 individuals and their families with jobs. WIN was not the first attempt to reduce welfare roles, but differed considerably in two respects. First, it levied work requirements on all "employable" AFDC recipients. Second, it inserted an "earnings disregard". However, the most important aspect of WIN was its increased emphasis on training and employment to transition individuals from welfare rolls to unsubsidized employment. In 1971, WIN was amended. The WIN II emphasis was changed, stating that "training and other services could only be provided when job placement was impossible". Upgrading an individual's skills was forbidden, if a less skilled job opportunity was immediately available. Public service employment was permissable, but only as a last resort.

The WIN II changes brought about a significant increase in unsubsidized job placement, from 16.5% on June 30, 1972 to 30% by June 30, 1973. In the first nine months of WIN II, the number of unsubsidized placements equaled the total number of placements for the entire four years of the WIN I operations.

The Earned Income Tax Credit (EITC) was also another incentive to enhance welfare recipients to secure unsubsidized employment. It provides a credit equal to 10% of earned income for families with children with an annual income of $5,000 or less. This $500 maximum credit is reduced by 12.5% of earned income over $6,000 so that a family earning $10,000 receives no tax credit at all. By targeting its maximum credit on persons earning $5,000 - $6,000, the effect of the EITC is to encourage recipients to take jobs at or just below the minimum wage. Incentives are also used to motivate those assigned to institutional or work experience training under WIN to participate in what is conceived as a short-term program to prepare for jobs. To encourage this participation, welfare recipients receive an incentive of $30 per month plus reimbursement for child care and work expenses, in addition to their regular welfare checks.

While the initial wage received by WIN participants had been $2.28 in FY'71, it dropped to $2.02 in FY'73, the first full year of WIN II. These low wage placements, encouraged by regulations, state that a WIN placement be paid at the minimum wage. Because of the low rate, many WIN participants continue to receive welfare subsidies. In FY'73, only 53% of those who had been employed 90 days actually left the welfare rolls. Despite an increase in the median entry wage level in FY'77, 50% of new job holders remained dependent upon welfare.

Although the purpose of WIN I & II was to help welfare recipients off the rolls, the effect of WIN II has forced people into low-wage jobs without substantially reducing AFDC payments.

Even the tax credit designed for employers--20% of wages paid to WIN workers for the first 12 months of employment--has developed short-term low wage jobs. It was expected that this would create new jobs, but it has done little. The credit temporarily provides WIN participants a competetive advantage over other workers. The 1976 amendment to the Internal Revenue Code reduced this 12 month requirement to 90 days and allowed the employers to lay off participants prior to that time without losing the credit if the business suffered a substantial reduction.

WIN has been unsuccessful as a program to help recipients work their way off welfare rolls. In FY'77, only 317,300 of the 2.6 million WIN registrants actually entered employment. Also, data for '77 reveals that 25% of those placed were unemployed within 30 days of placement. Statistics over the years indicate that between 40-50% of those placed are unemployed within 90 days, and less than half of those still employed have left welfare rolls. This attrition has been linked to unattractive, unskilled, temporary jobs paying wages only slightly higher than the minimum wage. On the average, welfare recipients received lower wages and poor work assignments over other employees hired by the same employer.

A recent comprehensive evaluation of WIN issued by the U.S. Department of Labor concluded that "the private sector does not offer jobs that pay enough or have desirable enough conditions to keep welfare recipients employed on a regular basis.[1] However, when WIN participants were placed in paraprofessional positions in the Work Incentive (WIN) Program and related experiences, public and non-profit agencies, often with union affiliation, paying 30-40 cents more per hour above the average wage under the Welfare Department Project, the average stay was 15 months. This rebuts the myth that welfare participants do not want to work; they actually need decent paying jobs.

The Administration's Work and Training Opportunities of 1979, proposes to amend CETA by adding a section E to Title II. This proposal suggests an expanded work program which is to be targeted specifically for AFDC recipients. The Administration's bill recognizes the employment and training activities operated through CETA, previously by-passed by other attempts, but the bill indicates that the CETA delivery system does not serve AFDC/Welfare recipients. If this were true, there would be no CETA system, because every prime sponsor in this country would be in non-compliance with the Act.

The Conference of Mayors supports the concept of welfare reform, but we do have some major concerns with S1312, as written. It limits rather than expands employment and training activities for those most in need. The bill focuses on serving only the adult population, specifically the principal wage earner of a family with a child. The work requirement only comes after an extensive eight (8) week job search effort, rather than offering the full range of employment and training opportunities available through CETA. The entry-level PSE positions discussed, only comes after the eight (8) week job search has been conducted in the private sector. These PSE jobs will be for 78 weeks and if no placement is made in the private sector, they will reenter the job search activities. This activity might reduce the welfare rolls and it might force recipients into low-paying private sector jobs, but based on previous experience, few become self-supporting and many remain dependent on public assistance.

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[1] The Work Incentive (WIN) Program and Related experiences, 23 (1977), DOL.

USCM supports the reduction of welfare costs, fiscal relief for states and municipalities, simplification and standardization of programs, however, we do not support that newly created jobs, whether they be PSE or private jobs, be totally focused on principal wage earners.

The Administration's bill proposes that 1.4 million people would be employed or trained under this bill. 545,000 would be federally subsidized, "jobs-of-the-last-resort", and 6000,000 individuals would be referred to private sector jobs. For the past decade, cities across the country have been operating employment and training programs, designed to meet the local labor market needs. These efforts brought about working relationships with the private sector, but most took a long time to put in place. To imply that in one year an additional 600,000 private sector jobs could be developed for unskilled and untrained workers may not be practical. The incentives are just not there. To implement a system of this kind, piggybacked on a system already in place, creates a chaotic approach to resolving our unemployment problems much less transition persons off the welfare rolls into unsubsidized employment. There will be no winners as it is now designed. We will continue to discourage recipients to seek a better way of life. CETA Title 11-D jobs under the 1978 amendments mandated that those members of families receiving federal assistance be given preference for particular public service jobs. To redirect 170,000 of the Title 11-D jobs and consolidate them with the proposed 11-E jobs, offers a large portion of the urban cities population little or no transitional work opportunities. As written, the Work and Training Opportunities Act of 1979 discriminates against childless couples, unemployed single individuals, and in particular, against "youth" who account for one-fourth of our labor force and whose unemployment rate within the inner cities is 32%.

Mr. Chairman, in conclusion, there is no mistake that the Administration's intentions were sincere and attempted to create a realistic approach to accomplish a welfare reform package within the present budgetary restraints. Please be assured these additional 375,000 new public service jobs proposed under this bill are desperately needed in our cities.

But, again, USCM has serious reservations with the redirecting and targeting of 170,000 CETA Title II-D slots for the new II-E eligible participants. I guess the question should also be asked, do we want to reduce services to the non-AFDC individuals who are economically disadvantaged?

The Conference of Mayors commends the Administration and this subcommittee for expediting this much needed and important piece of legislation. In closing, there are a few additional points I would like to make. We must eradicate the stigma we place on welfare workers as they should never be expected to accept something less because of their economic situation. Also, due to our present economic condition, as shown in the past when our economy is in a decline, the private sector has seldom expanded and usually has to be prompted by the federal government to identify and create new jobs. S1312 offers no incentives to the private sector or more importantly, to the welfare recipient to obtain unsubsidized employment.

Thank you.

Senator **NELSON**. Thank you, Mayor Stansbury.

Do the representatives of the conference have any statements?

Mr. **WHITEHURST**. We have nothing to add unless you have questions, Senator?

Senator **NELSON**. Well, I'd like to thank you very much for your very thoughtful comments. We may submit some questions to you in writing after I've gone through the record for further clarification. Otherwise, I have no further questions at this time.

Thank you very much.

Senator, I believe you have a witness from Ohio?

Senator **GLENN**. Yes, I do. Thank you, Mr. Chairman.

Senator **NELSON**. The two witnesses will be the Honorable Charlotte Williams, commissioner of Genessee County, Mich.; and the Honorable Paula MacIlwaine, commissioner, Montgomery County, Ohio.

Senator **GLENN**. Thank you very much, Mr. Chairman. It is my pleasure today to have the opportunity to introduce to the committee, Paula MacIlwaine, who is testifying on S. 1312 the Work Training and Opportunities Act, which is the jobs portion of the administration's welfare reform program.

A provision of S. 1312 requires all Governors to develop annual plans for a job search assistance program for AFDC-eligible adults. After an 8-week job search, AFDC adults who have not secured private-sector employment would be eligible for a CETA job or training.

Mrs. MacIlwaine is a county commissioner for Montgomery County, Ohio. She was in my office this week to tell me about the county's welfare reform demonstration project, a CETA-funded program to help employable, general relief welfare recipients find and obtain jobs with private employers, or enter employment and training programs leading to permanent employment. Without detracting from Commissioner MacIlwaine's testimony, I just want to say that I was delighted to learn of the success to date of the job assistance program. It only began in January and is already showing decided results in Montgomery County, Ohio.

I might add that when I first came to Washington some 5½ years ago, someone pointed out to me the help wanted ads in the Washington Post on Sunday; and it became a matter of interest, and every Sunday I check the Washington Post. A week ago last Sunday, there were 42 pages of help wanted ads in the Washington Post. If the figure that only 20 percent of the jobs available are advertised is accurate, it means that anybody that really is out looking and wants a job in Washington, D.C. can probably find one. There were 42 pages of help wanted ads Sunday before last that covered every possible kind of job, from the most menial labor to nuclear scientist. It's that kind of matching up the people with the jobs that they have tried to in Montgomery County, Ohio, which is mainly Dayton, Ohio; and that Mrs. MacIlwaine has taken a vital part in over the last couple of months and which appears to be bearing a great deal of fruit. It helps welfare recipients secure the private sector jobs, and it seems to me to be so fundamental that I find it hard to believe that we haven't stressed this type of approach before.

In times such as this, when we must make intelligent and difficult decisions about the best use of our Federal dollars, high priority should be given to programs such as the job search assistance program, which has a twofold benefit. It reduces Government spending, and makes it possible for people to get off the welfare rolls and provide for themselves and their families.

Mr. Chairman, Mrs. MacIlwaine is here to speak on behalf of the National Association of Counties, and so she stresses some of the national implications. However, I hope that in your questioning, you will be able to question her in more detail on the experience they have had in the last couple of months in Montgomery County, Ohio. I think it bears directly on your deliberations here. I am glad to take part in introducing Commissioner MacIlwaine to the committee.

Senator NELSON. Thank you very much, Senator Glenn

I appreciate you taking your time to come over to make a statement and introduce Paula MacIlwaine who is commissioner of Montgomery County.

Now, I notice you both have statements. First, would you identify yourselves for the reporter.

Mr. WEINTRAUB. Jon Weintraub, associate director of NACO.

Ms. WILLIAMS. Charlotte Williams, county chairman, Genessee County, Mich., immediate past president of the National Association of Counties.

Ms. MACILWAINE. I'm Paula MacIlwaine, county commissioner from Montgomery County, Ohio.

Senator NELSON. You may proceed however you may desire. Your statements will be printed in full in the record. If you can summarize, it will be helpful.

Who wishes to start?

Ms. WILLIAMS. I will, Mr. Chairman.

STATEMENT OF HON. CHARLOTTE WILLIAMS, COUNTY COMMISSIONER, GENESSEE COUNTY, MICH., ACCOMPANIED BY JON WEINTRAUB, ASSOCIATE DIRECTOR OF THE NATIONAL ASSOCIATION OF COUNTIES

Ms. WILLIAMS. Thank you, Mr. Chairman, and members of the subcommittee.

My name is Charlotte Williams, county commissioner, Genessee County, Mich., and the past president of the National Association of Counties.

I'm accompanied today by Jon Weintraub, associate director, and legislative coordinator of the National Association of Counties, the only organization representing county government in the United States; and I must indicate at this point that our primary objective—and even though this is not in your committee's purview—is the renewal of revenue sharing, and we are saying this each time we get a chance.

We are here today to discuss issues associated with the CETA amendment of 1978, Public Law 95-524; and the February 21, 1980 draft of the President's youth bill. We would appreciate if the subcommittee would keep the record open so that we can submit additional comments once the bill has been introduced and reviewed.

The average wage has been shown to be a major national problem. Surveys verified by NACO, USCM, the State of Massachusetts, and DOL regional offices, have demonstrated the magnitude of the problem.

Many prime sponsors are forced to pay wages below the poverty level because of the average wage restrictions.

Studies have clearly shown that PSE jobs in local government have a 2 to 3 to 1 better transition rate than those in CBO's, yet PSE jobs in most local governments are a thing of the past, thanks to the average wage.

If transition is still important, we urge to alleviate the average wage problem. We would be happy to work on an amendment with committee staff and urge its adoption of this legislation. The maximum wage must also be increased. One solution might be to set the maximum wage as a percentage of the average wage.

The 1980 consortiums bonuses have been released and provide a 2.2-percent bonus this year. NACO feels this is disastrous to the future of consortiums.

We urge members of this subcommittee to amend section 202(f) of CETA to prioritize funding for consortiums bonuses. We urge that an amendment be added to insure that such sums as necessary be set aside to provide a 10-percent consortium bonus, or a specific percent of the funds be available for consortiums, in II (b) and (c), as it was in section 103(b) of Public Law 93-203.

NACO supports forward funding for titles II (b) and (c), IV and VII of the Comprehensive Employment and Training Act, CETA.

We propose that this subcommittee amend section 127 of Public Law 95-524, and require the Secretary of Labor to report to the Congress by February 1, 1981, on the advantages for forward funding of title II (b) and (c), title IV and title VII.

With regard to title VII, we propose that not more than 25 percent of the funds available for title VII be available for title II(c) activities for clients without regard to income as long as those clients are then replaced by CETA eligible clients.

Finally, Mr. Chairman, I hope that we can work together with appropriate Labor Department officials to find an effective amendment to section 106. As you know, there has been some criticism of the Department for not being rigorous enough in requiring repayment and collecting misspent funds.

With the 1978 amendment, CETA has been tightened up. The Inspector General's operations are well underway, and as so often happens, the pendulum has swung completely in the other direction. Prime sponsors are being driven from the program by new rigid insistence on dollar-for-dollar payback of local tax dollars for petty mistakes in the administering an enormously complex CETA program.

Just last month, Berrien County in my State voted 9 to 2 to give up their prime sponsorship. With unemployment so high in Michigan right now, you may well wonder why a county, especially one with a particularly effective CETA program, would choose to give it up.

First, the commissioners checked to make sure that their needy citizens would not lose out. The law requires that somebody operate a program in Berrien County. Once that fact was established, the commissioners found it simple to drop CETA because of the enormous new financial liability.

According to the newspapers, the Department's audit was the last straw. That audit covered over $36 million in CETA programs, and uncovered only about $10,000 of disallowed expenditures.

Instead of giving Berrien County a medal for achieving an error rate of twenty-eight one-hundredths of 1 percent, the Department is insisting that the entire $10,000 be paid back out of local funds. This is simply ridiculous, particularly when you think of CETA's buildups, phasedowns, transitions, and changing signals and retroactive rulings.

We understand and support the need for a strong enforcement policy. However, no Federal program can expect a zero error rate. We cannot propose a specific amendment at this time because of the complexity of the issue.

Turning to the administration's proposal to modify and extend title IV programs, the National Association of Counties supports any effort to consolidate and simplify the enormously complex requirement created under the Youth Employment and Demonstration Project Act of 1977. Exchanging an old set of acronyms for a new set of acronyms is not consolidation. We're concerned that the division of funds proposed by the administration does not accomplish its own goals of consolidation and simplification.

First, the distribution of funds is a concern. We seriously question the administration proposal to split the funds equally between the two titles. At a meeting on March 2, 1980, NACO's employment steering committee passed a motion in support of all title I and II funds going by formula to CETA prime sponsors which would then have responsibility for deciding which education programs work in their community, and which should be funded.

In the same grant reform, NACO's employment steering committee felt strongly that one agency needs to be in charge at the local level, and it should be CETA. Their thought was that we need more than interagency cooperation at the Federal level to achieve a strong delivery system for youth at the local level.

Disadvantaged youth do not receive the best level of services when two Federal agencies achieve a vague standoff as they do in this bill. Within title I, entirely too much money is outside the basic formula grant. As you know, only three-fourths of the 59 percent assigned to CETA prime sponsors would be distributed based on the YETP formula; that is $497.8 million compared to $693 million currently available under YETP, a $200 million reduction.

Since YCCIP and YEIPP are to be eliminated, the proposed funding level insures that prime sponsors must engage in a desparate effort to gain incentive funds simply in order to avoid a one-third disruption in their current programs. The disruption goes further because there is a matching requirement on every incentive dollar obtained by prime sponsors.

Thus, the pool of funds available for locally determined program needs can be expected to be greatly reduced. Simply stated, there are too many pots and many splits of funds in this bill, and I would refer you to a chart that's at the back of my statement.

An early version of the administration's proposal seemed to assume that there is a single correct sequence of services, and, at least implied, fairly rigid restrictions on program activities.

We hope you will insist on prime sponsor's right to choose the appropriate program design for their own area. The administration has made a point of prohibiting the use of title I funds for education programs conducted in the schools of local education agency. We wonder, despite the laudable intent of this provision, whether it is wise to prohibit such activity. What about those school districts which are not targeted in title II of the bill?

It is not clear to us that title II funds will be available in those cases.

Let me take a look for a moment at the eligibility requirements of the administration's proposal.

NACO supports uniform eligibility for all youth programs, including summer youth, at 100 percent of the BLS lower living standard income level or economically disadvantaged. We hope that the administration will simplify its language, and insure uniform eligibility throughout both titles.

We oppose unnecessary restrictions by age in the eligibility requirements. NACO believes that programs should be open to youth through the age of 21, with a lower age limit established by individual State law.

Thus, we oppose the administration's plan to eliminate 14- and 15-year-old's activities under the law. Further, we question the need for a blanket prohibition against paying allowances to young people under 18 who are in school.

Another major area of concern involved paperwork and reporting. This bill moves away from the comprehensive planning process and plan which this subcommittee tried to promote in the 1978 CETA amendment. We oppose the creation of a separate youth plan, and separate youth planning requirements. We support the provisions of section 103, and have long urged the Department genuinely to implement the notion of a comprehensive plan for CETA, rather than subparts for each title, separate grants, and separate reporting. We feel very strongly that the management of CETA by title and/or categorical program area on the national level simply distorts the success the prime sponsors are having in providing a comprehensive sequence of services to people in need in their communities.

We urge that at a minimum, youth funds be awarded at one time and by one grant document.

We oppose the continuation of title II-B maintenance of effort requirement. Funding for youth in title II-B should be left to the discretion of the prime sponsor. Fiscal 1980 title II-B youth services should not be based on funding levels in fiscal 1978.

We question, rather, too, consolidation has been achieved in this bill. It appears that we are replacing YCCIP and YIEPP with SPIG, special purpose incentive grants, and other new acronyms.

We question the desirability of a secretary having control over such a large percentage of funds under the President's bill, subparts 2 and 3. We recommend a $125 million ceiling on the 10 percent Secretary's discretionary pot. We also recommend that sufficient funds be diverted from the 22 percent pot to hold harmless the current $693 million funding level for basic grants. We cannot support the administration's matching requirement.

The CETA system has had more than its fair share of shock waves. Let's take the time necessary to draft an excellent youth bill. In the meanwhile, let's expand YEDPA with the necessary amendments to the existing CETA law on average wage flexibility for the Secretary in determining prime sponsor's liability, consortia bonuses, and others listed earlier.

We appreciate this opportunity to testify before your subcommittee, and look forward to answering any questions you might have.

If I may summarize some of the NACO positions, I can do so by saying that we support raising the average and maximum wage for CETA public service jobs; insuring adequate consortia bonuses; amending CETA to require that the Secretary report to the Congress on the advantages of forward funding to CETA titles II-B, and C, IV and VII; extending title VII with 25 percent of the funds available for title II-C activities for clients without regard to income if they are replaced by CETA eligible clients; developing a realistic amendment on liability for CETA funds; limiting the funds in subparts 2 and 3 of the President's youth bill and putting more money into basic grants; setting a $125 million ceiling on subpart 3; establishing uniform eligibility for youth in both titles at 100 percent of the Bureau of Labor Standards lower living standard income level; mandating one youth grant rather separate grants and separate reporting to minimize paperwork; eliminating the title II-B maintenance of effort requirement; and extending YEDPA and making the time necessary to draft an excellent youth bill.

Thank you, Mr. Chairman.

[The prepared statement of Ms. Williams follows:]

Statement of Charlotte Williams, Commissioner, Genesee County, Michigan, and Past President of the National Association of Counties on Behalf of the National Association of Counties,* Before the Senate Subcommittee on Employment Poverty, and Migratory Labor of the Senate Labor and Human Resources Committee

Mr. Chairman, Members of the Subcommittee, My name is Charlottee Williams, County Commissioner, Genesee County, Michigan, and the Past President of the National Association of Counties. I am accompanied today by Jon Weintraub, Associate Director and Legislative Coordinator of the National Association of Counties, the only national organization representing county government in the United States.

We are here today to discuss issues associated with the CETA Amendments of 1978, P.L. 95-524, and the February 21, 1980 draft of the President's youth bill. We would appreciate if the Subcommittee would keep the record open so that we can submit additional comments once the bill has been introduced and reviewed.

The average Wage has been shown to be a major national problem. Surveys verified by NACo, USCM, the state of Massachusetts, and DOL regional offices have demonstrated the magnitude of the problem. Many prime sponsors are forced to pay wages below the poverty level because of the average wage restrictions. Studies have clearly shown that PSE jobs in local government have a 2 to 3:1 better transition rate than those in CBOs. Yet PSE jobs in most local governments are a thing of the past thanks to the average wage. If transition is still important, we urge you to alleviate the average wage problem. We would be happy to work on an amendment with committee staff and urge its adoption with this legislation. The maximum wage must also be increased. One solution might be to set the maximum wage as a percentage of the average wage.

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* The National Association of Counties is the only national organization representing county government in the United States. Through its membership, urban, suburban and rural counties join together to build effective, responsive county governments. The goals of the organization are: to improve county government; to serve as the national spokesman for county governments; to act as a liaison between the nation's counties and other levels of government; and to achieve public understanding of the role of counties in the federal system.

The 1980 consortia bonuses have been released and provide a 2.2 percent bonus this year. NACo feels this is disasterous to the future of consortia. An analysis of the prior spending for consortia follows:

	% Bonus	$
FY 1977	10%	$40.8 million[1]
FY 1978	10%	$39.3 million[1]
FY 1979	7.3%	$30 million[2]
FY 1980	2.2%	$ 9 million[2]

Notes:

1. Results from a specific 5 percent set-aside in P.L. 93-203, section 103 (b)
2. Without a specific set-aside in P.L. 95-524, section 202(f)(2)(c)

Only $9 million was available this year for three reasons: 1) the law (P.L. 95-524) gives a lower priority to consortia bonuses; 2) $40 million had to be used for the 90 percent hold harmless in FY 1980 because of the formula change rather than $5 million in FY 1979, thus obligating more Title II B, C funds; and 3) DOL rates consortia as a low "political" priority when making decisions on how to use the approximately $30 million left in discretionary funds from Title VI and whatever is left in Title III.

Title II B, C money ($2.054 billion) for fiscal 1980 is being spent as follows:

$1745.9 million	Formula
40.2 million	90% hold harmless
25.0 million	CPS adjustment[3]
20.7 million	State councils
124.3 million	Vocational education
82.9 million	State services
30.0 million	1% linkages[4]
9.0 million	Consortia bonuses

NOTES:

3. NOT FUNDED AFTER FISCAL 1980

4. $6 MILLION IS II B, C AND $24 MILLION IS II D DISCRETIONARY

THUS, AFTER THE STATE SERVICES ACCOUNT IS FUNDED, $2.039 BILLION OF THE $2.054 BILLION IS UTILIZED LEAVING ONLY $15 MILLION FOR THE ONE PERCENT LINKAGES AND CONSORTIA BONUSES. $6 MILLION OF THE REMAINING II B, C FUNDS WAS USED FOR LINKAGES WITH $24 MILLION FROM II D, LEAVING ONLY $9 MILLION FOR CONSORTIA BONUSES.

WE URGE MEMBERS OF THIS SUBCOMMITTEE TO AMEND SECTION 202(F) OF CETA TO PRIORITIZE FUNDING FOR CONSORTIA BONUSES. WE SUGGEST THAT AN AMENDMENT BE ADDED TO INSURE THAT "SUCH SUMS AS NECESSARY BE SET ASIDE TO PROVIDE A 10% CONSORTIUM BONUS" OR A SPECIFIC PERCENT OF THE FUNDS BE AVAILABLE FOR CONSORTIA IN II B, C AS IT WAS IN SECTION 103(B) OF P.L 93-203.

NACo SUPPORTS FORWARD FUNDING FOR TITLES II B AND C, IV, AND VII OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA). THE CETA AMENDMENTS OF 1978 (PL 95-524) FOCUSED ON BETTER MANAGEMENT OF THE DELIVERY SYSTEM. CURRENTLY, THE FUNDING OF CETA, WHICH HAS BEEN MARKED BY CONTINUING RESOLUTIONS THE LAST THREE YEARS (PL 95-205, 95-482, AND 96-86), HAS MADE PRUDENT PLANNING AND EFFECTIVE MANAGEMENT DIFFICULT. THE CETA SYSTEM HAS GONE THROUGH A SERIES OF JOLTS, AN UNFORTUNATE PATTERN WHICH NEEDS TO BE REVISED.

FORWARD FUNDING WOULD ALLOW CETA:

- TO PLAN AND DELIVER SERVICES MORE EFFECTIVELY WITH THE EDUCATION COMMUNITY. CURRENTLY CETA AND LOCAL SCHOOL BOARD PLANNING IS OUT-OF-PHASE;
- TO AVOID FRICTION AMONG DIFFERENT LEVELS OF GOVERNMENT WITH DIFFERENT FISCAL YEARS;
- TO COORDINATE MORE EFFECTIVELY WITH OTHER FEDERAL JOB CREATION PROGRAMS WITH LONGER RANGE IMPLEMENTATION PERIODS, SUCH AS ECONOMIC DEVELOPMENT AND COMMUNITY DEVELOPMENT;

- To retain effective staff at the prime sponsor level;
- To improve selection of enrollees;
- To improve the employability development of and placement of clients;
- To create more meaningful on-the-job training and work experience opportunities;
- To develop year-long contracts in the middle of a fiscal year to better provide trained personnel for local businesses; and,
- To create a level of certainty within the CETA system.

We propose that this subcommittee amend section 127 of P.L. 95-524 and require the Secretary of Labor to report to the Congress by February 1, 1981, on the advantages for forward funding of Titles II B, and C, IV, and VII.

With regard to Title VII we propose that not more than 25% of the funds available for Title VII be available for Title II-C activities for clients without regard to income as long as those clients are then replaced by CETA eligible clients.

Finally, Mr. Chairman, I hope that we can work together with appropriate Labor Department officials to find an effective amendment to section 106. As you know, there has been some criticism of the Department for not being rigorous enough in requiring repayment and collecting misspent funds. With the 1978 amendments, CETA has been tightened up, the Inspector General's operations are well underway and, as so often happens, the pendulum has swung completely in the other direction. Prime sponsors are being driven from the program by a new, rigid insistence on dollar for dollar pay back of local tax dollars for petty mistakes in administering the enormously complex CETA program. Just last month, Berrien County in my state voted 9 to 2 to give up their prime sponsorship. With unemployment so high in Michigan right now, you may well wonder why a county -

especially one with a particularly effective CETA program - would choose to give it up. First, the commissioners checked to make sure that their needy citizens would not lose out - the law requires that somebody operate a program in Berrien County. Once that fact was established, the commissioners found it simple to drop CETA, because of the enormous new financial liability. According to the newspapers, the Department's audit was the last straw. An audit that covered over $36 million in CETA programs uncovered only about $10,000 of disallowed expenditures. Instead of giving Berrien County a medal for achieving an error rate of twenty-eight hundredths of one percent the Department is insisting that the entire $10,000 be paid back out of local funds. This is simply ridiculous particularly when you think of CETA's build-ups, phase-downs, transitions, changing signals and retroactive rulings.

We understand and support the need for a strong enforcement policy. However, no federal program can expect a zero error rate. We can't propose a specific amendment at this point because of the complexity of the issue. However, we can outline what we think the problem is and what we would like to accomplish.

First, the Department must have and exercise the flexibility not to encumber local funds over minor or technical errors. The Administration's proposed technical amendment to CETA section 106(d)(2) does not get to the heart of the problem. The Claims Collection Act, along with the current interpretation of a February 10, 1978, decision by the Comptroller General on a Rhode Island case involving the old Emergency Employment Act, seem to be the basis of the difficulties. Current Departmental policy states that grant officers have virtually no authority to overlook minor, technical errors when reviewing costs questioned by auditors. Instead, the interpretation directs that there is flexibility for

JUDGEMENT ONLY IN QUESTIONS OF ELIGIBILITY AND PSE. (THIS VIEW HAS BEEN CANONIZED IN SECTION 676.88(C) OF THE REGULATIONS.)

WE THINK THAT THIS IS A TOPSY TURVY VIEW OF SECTION 106(D). AS YOU KNOW, (D)(1) DIRECTS THAT THE SECRETARY "SHALL HAVE AUTHORITY" TO TAKE ALL SORTS OF CORRECTIVE OR PUNITIVE ACTIONS FOR ANY VIOLATION OF THE LAW OR REGS. SECTION (D)(2) THEN SETS A PRIORITY. IT SAYS THE SECRETARY "SHALL" TAKE THOSE ACTIONS WHEN CERTAIN KEY SECTIONS OF THE LAW ARE VIOLATED, UNLESS THERE ARE SPECIAL CIRCUMSTANCES. BECAUSE OF THIS COMPTROLLER GENERAL DECISION, THE DEPARTMENT NOW SAYS ITS ONLY FLEXIBILITY NOT TO REQUIRE PAY BACK IS IN THE TWO PRIORITY AREAS.

SECONDLY, MR. CHAIRMAN, WE WOULD LIKE TO ACHIEVE A CHANGE IN THE DEPARTMENT'S CURRENT AUDIT PROCEDURES TO REDUCE THE AMOUNT OF LITIGATION ASSOCIATED WITH CETA. RIGHT NOW, THE DEPARTMENT SEPARATES THE DECISION AS TO WHAT COSTS MUST BE DISALLOWED FROM THE DECISION AS TO WHAT AMOUNT MUST BE REPAID. FROM OUR PERSPECTIVE AT THE LOCAL LEVEL, THIS MEANS THAT EVERY SINGLE DISALLOWANCE OF COSTS MUST BE APPEALED TO THE ADMINISTRATIVE LAW JUDGE BECAUSE EVERY SINGLE DISALLOWANCE COULD MEAN A DOLLAR FOR DOLLAR REPAYMENT. THE COST IN STAFF TIME, LAWYERS, AND BAD PRESS ARE SELDOM OFFSET BY THE FINAL DECISION.

FINALLY, MR. CHAIRMAN, WE APPLAUD THE ADMINISTRATION'S NECESSARY AMENDMENT TO 106(B). WE HOPE THAT AMENDMENTS TO 106(A) CAN BE DRAFTED TO GIVE PROCEDURAL RELIEF TO PRIME SPONSORS AS WELL AS THE DEPARTMENT. SPECIFICALLY, PRIME SPONSOR COMPLAINT PROCEDURES MUST ALLOW FOR THE DISMISSAL OF PURELY FRIVOLOUS COMPLAINTS, PERHAPS SUBJECT TO THE SECRETARY'S REVIEW. CURRENTLY, ENORMOUS SUMS OF MONEY ARE BEING SPENT AND DIVERTED FROM SERVING CLIENTS, NOT TO MENTION TIME WASTED, TO PRIVIDE A FORMAL HEARING FOR EVERY GRIEVANCE FILED, NO MATTER HOW FRIVOLOUS. FURTHER, PRIME SPONSORS SIMPLY CAN'T MEET THE 30 - AND 60 - DAY DEADLINES OF SECTION 106(A)(I).

As much as we agree with the need to provide speedy responses to complaints, it's often simply impossible to get all the parties and evidence together, to retain impartial hearing officers, or even to duplicate all the relevant documents within the prescribed timetable. We appeal for relief.

Turning to the Administration's proposal to modify and extend the Title IV programs, the National Association of Counties supports any effort to consolidate and simplify the enormously complex requirements created under the Youth Employment and Demonstration Projects Act of 1977. Exchanging an old set of acronyms for a new set of acronyms is not consolidation . We're concerned that the division of funds proposed by the Administration does not accomplish its own goals of consolidation and simplification. First, the distribution of funds is a concern. We seriously question the Administration's proposal to split the funds equally between the two titles. At a meeting on March 2, 1980, NACo's employment steering committee passed a motion in support of all Title I and II funds going by formula to CETA prime sponsors which would have responsibility for deciding which education programs work in their community and which should be funded. In the name of grant reform, NACo's employment steering committee felt strongly that one agency needs to be in charge at the local level and it should be CETA. Their thought was that we need more than interagency "cooperation" at the federal level to achieve a strong delivery system for youth at the local level. Disadvantaged youth do not receive the best level of services when two federal agencies achieve a vague stand-off as they do in this bill. Within Title I, entirely too much money is outside the basic formula grant. As you know, only three-fourths of the 59 percent assigned to CETA prime sponsors would be distributed based on the YETP formula. That is $497.8 million dollars compared to $693 million currently available under YETP, a $200 million dollar reduction.

Since YCCIP and YIEPP are to be eliminated, the proposed funding level insures that prime sponsors must engage in a desperate effort to obtain incentive funds simply in order to avoid a one-third disruption in their current programs. The disruption goes further because there is a matching requirement on every incentive dollar obtained by prime sponsors. Thus, the pool of funds available for locally determined program needs can be expected to be greatly reduced. Simply stated, there are too many mini-pots and mini-splits of funds in this bill. Capping the problems of uncertainty created by the Administration's proposal is the omission of any reference to a prime sponsor right to notice, appeal or hearing prior to the Secretary's decision to reallocate funds. We feel that such procedural safeguards are essential.

As you know, NACo has always opposed nationally uniform performance standards. The Administration's proposal makes no mention of locally determined priorities, variations in local economic conditions or local perceptions of young people's needs. Therefore, we seriously question the wisdom of allowing the Secretary to establish performance standards and, by regulation, standards for program operators. On the other hand, the procedure outlined for developing performance standards for young people themselves offers real hope. This procedure is to bring all the groups concerned with the problem of youth employment together locally to develop accepted community standards for what is appropriate for young people to accomplish in the different phases of CETA training. This process, if extended to program operators' and prime sponsors' own performance goals, would meet the original intention of CETA. While we object to any schedule which requires prime sponsors to arrive at community-wide conclusions on the whole range of performance areas within a short period of months, the only approach to effective programming that has a promise of success is that approach which emphasizes locally developed performance standards, goals and expectations.

An early version of the Administration's proposal seemed to assume that there is a single correct sequence of services and, at least, implied some

FAIRLY RIGID RESTRICTIONS ON PROGRAM ACTIVITIES. WE HOPE YOU WILL INSIST ON PRIME SPONSORS' RIGHT TO CHOOSE THE APPPOPRIATE PROGRAM DESIGN FOR THEIR OWN AREAS. THE ADMINISTRATION HAS MADE A POINT OF PROHIBITING THE USE OF TITLE I FUNDS FOR EDUCATION PROGRAMS CONDUCTED IN THE SCHOOLS OF LOCAL EDUCATION AGENCIES. WE WONDER, DESPITE THE LAUDABLE INTENT OF THIS PROVISION, WHETHER IT IS WISE TO PROHIBIT SUCH ACTIVITY. WHAT ABOUT THOSE SCHOOLS DISTRICTS WHICH ARE NOT TARGETED IN TITLE II OF THE BILL? IT'S NOT CLEAR TO US THAT TITLE II FUNDS WILL BE AVAILABLE IN THOSE CASES.

LET ME TAKE A LOOK FOR A MOMENT AT THE ELIGIBILITY REQUIREMENTS OF THE ADMINISTRATION'S PROPOSAL. NACO SUPPORTS UNIFORM ELIGIBILITY FOR ALL YOUTH PROGRAMS INCLUDING SUMMER YOUTH AT 100 PERCENT OF THE BLS LOWER LIVING STANDARD INCOME LEVEL OR ECONOMICALLY DISADVANTAGED. WE HOPE THAT THE ADMINISTRATION WILL SIMPLIFY ITS LANGUAGE AND INSURE UNIFORM ELIGIBILITY THROUGHOUT BOTH TITLES. WE APPLAUD THE INCLUSION OF A 10 PERCENT NON-INCOME ELIGIBLE GROUP AND HOPE THAT IT WILL BE CLEAR THAT THE PRIME SPONSOR DETERMINES "WHO OTHERWISE DEMONSTRATES THE NEED FOR SUCH SERVICES." THE INCLUSION OF TARGETED GROUPS SUCH AS HANDICAPPED YOUNGSTERS AND YOUNG PEOPLE WHO HAVE BEEN INVOLVED IN THE CRIMINAL OR JUVENILE JUSTICE SYSTEM CAN BEST BE ACCOMPLISHED, WE THINK, BY AMENDING THE DEFINITION OF ECONOMICALLY DISADVANTAGED. THIS WOULD PREVENT THE CREATION OF SLIGHTLY DIFFERENT AND, THEREFORE, CONFUSING ELIGIBILITY REQUIREMENTS FOR YOUNG PEOPLE IN DIFFERENT TITLES OF CETA. THE WAITING PERIOD OUTLINED IN SECTION 402(A)(3) CAN BE PUNITIVE INSTEAD OF BEING A DISINCENTIVE TO QUITTING SCHOOL TO JOIN THE PROGRAM. WE THINK IT PUTS THE SECRETARY IN THE POSITION OF WRITING A SINGLE RULE TO COVER A HIGHLY SENSITIVE QUESTION THAT VARIES BY INDIVIDUAL PERSONALITY AS WELL AS BY LOCALITY. THIS MAY BE A PROGRAM DESIGN OPTION THAT PRIME SPONSORS SHOULD CONSIDER, BUT WE OPPOSE ITS INCLUSION IN NATIONAL LEGISLATION.

WE OPPOSE UNNECESSARY RESTRICTIONS BY AGE IN THE ELIGIBILITY REQUIREMENTS. NACo BELIEVES THAT PROGRAMS "SHOULD BE OPEN TO YOUTH THROUGH THE AGE OF 21 WITH THE LOWER AGE LIMIT ESTABLISHED BY INDIVIDUAL STATE LAW." THUS, WE OPPOSE THE ADMINISTRATION'S PLAN TO ELIMINATE 14 AND 15 YEAR OLDS FROM MOST ACTIVITIES UNDER THE LAW. FURTHER, WE QUESTION THE NEED FOR A BLANKET PROHIBITION AGAINST PAYING ALLOWANCES TO YOUNG PEOPLE UNDER 18 WHO ARE IN SCHOOL. WHILE THIS MAY BE THE MOST FREQUENT PATTERN, WE SEE NO REASON TO MAKE THE PROVISION OF ALLOWANCES IN APPROPRIATE CASES IMPOSSIBLE. WE APPLAUD THE ADMINISTRATION'S AMENDMENT TO REMOVE ARBITRARY TIME LIMITS ON PARTICIPATION IN THESE PROGRAMS AND THE PROPOSAL'S RECOGNITION THAT YOUNG PEOPLE CAN BEST BE SERVED BY A SEQUENCE OF SERVICES PREPARING THEM ULTIMATELY FOR SUCCESSFUL ENTRY INTO THE LABOR MARKET.

ANOTHER MAJOR AREA OF CONCERN INVOLVES PAPERWORK AND REPORTING. THIS BILL MOVES AWAY FROM THE COMPREHENSIVE PLANNING PROCESS AND PLAN WHICH THIS SUBCOMMITEE TRIED TO PROMOTE IN THE 1978 CETA AMENDMENTS. WE OPPOSE THE CREATION OF A SEPARATE YOUTH PLAN AND SEPARATE YOUTH PLANNING REQUIREMENTS. WE SUPPORT THE PROVISIONS OF SECTION 103 AND HAVE LONG URGED THE DEPARTMENT GENUINELY TO IMPLEMENT THE NOTION OF A COMPREHENSIVE PLAN FOR CETA, RATHER THAN "SUBPARTS" FOR EACH TITLE, SEPARATE GRANTS AND SEPARATE REPORTING. WE FEEL VERY STRONGLY THAT THE MANAGEMENT OF CETA BY TITLE AND/OR CATEGORICAL PROGRAM AREA ON THE NATIONAL LEVEL SIMPLY DISTORTS THE SUCCESS THAT PRIME SPONSORS ARE HAVING IN PROVIDING A COMPREHENSIVE SEQUENCE OF SERVICES TO PEOPLE IN NEED IN THEIR COMMUNITIES. WE URGE THAT, AT A MINIMUM, YOUTH FUNDS BE AWARDED AT ONE TIME AND BY ONE GRANT DOCUMENT. WHILE THIS APPEARS TO CHALLENGE THE IDEA OF INCENTIVES, WE SUGGEST THAT A SINGLE TARGET FIGURE COULD BE SUPPLIED FOR EACH PRIME SPONSOR. THE PRIME SPONSOR WOULD NOT HAVE TO APPLY FOR MULTIPLE POTS OF FUNDS IN MULTIPLE TINY GRANTS FOR SPECIAL PURPOSES. THE PRIME SPONSOR WOULD HAVE THE OPTION OF APPLYING FOR ALL INCENTIVE FUNDS FOR ONE OR MORE TARGETED

PURPOSES. THIS WOULD HELP STREAMLINE THE GRANT PROCESS AT THE SAME TIME THAT IT WOULD MAINTAIN THE INCENTIVE NOTION.

WE AGREE WITH THE NOTION OF EMPHASIZING INDIVIDUAL ASSESSMENT OF EACH ENROLLEE'S NEEDS. WE ARE WARY, HOWEVER, OF LEGISLATION THAT SEEMS TO REQUIRE WRITTEN EMPLOYABILITY DEVELOPMENT PLANS AND INDIVIDUAL ACHIEVEMENT RECORDS ON EVERY ENROLLEE. WE HAVE HAD TOO MUCH EXPERIENCE WITH ENFORCEMENT OF PAPERWORK REQUIREMENTS AT THE EXPENSE OF GENUINE ACCOMPLISHMENTS. THEREFORE, WE HOPE THE COMMITTEE WILL URGE CAUTION ON THE DEPARTMENT IN IMPLEMENTING THESE PROVISIONS OF THIS BILL.

WE OPPOSE THE CONTINUATION OF THE TITLE II-B MAINTENANCE OF EFFORT REQUIREMENT. FUNDING FOR YOUTH IN TITLE II-B SHOULD BE LEFT TO THE DISCRETION OF THE PRIME SPONSOR. FISCAL 1980 TITLE II-B YOUTH SERVICES SHOULD NOT BE BASED ON FUNDING LEVELS IN FISCAL 1978.

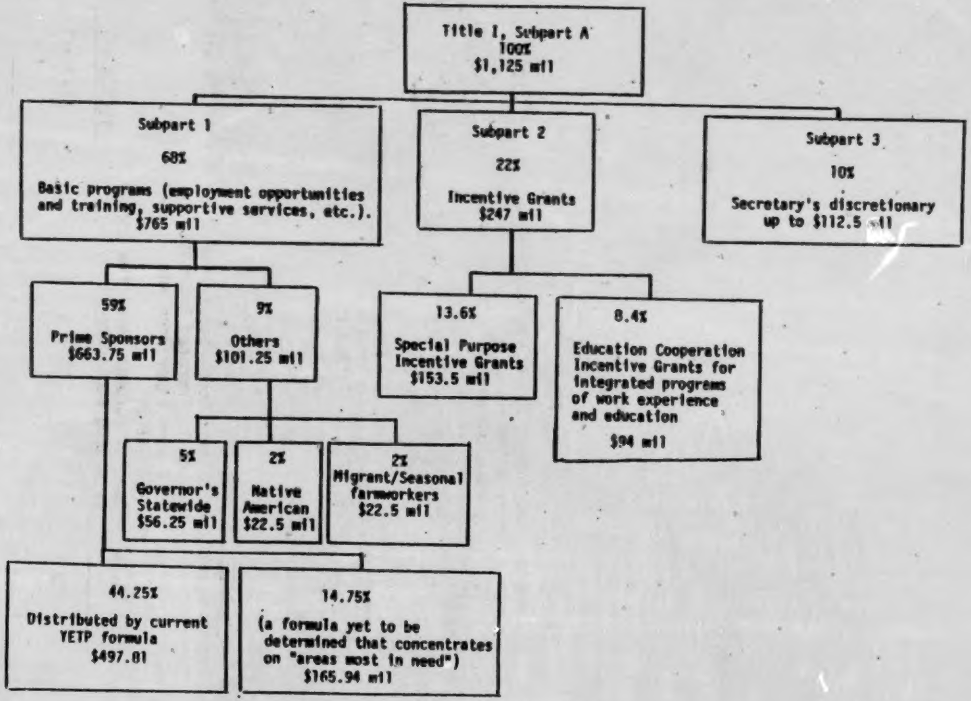
WE QUESTION WHETHER TRUE CONSOLIDATION HAS BEEN ACHIEVED IN THIS BILL. IT APPEARS THAT WE ARE REPLACING YCCIP AND YIEPP WITH SPIG (SPECIAL PURPOSE INCENTIVE GRANTS) AND OTHER NEW ACRONYMS.

WE QUESTION THE DESIRABILITY OF THE SECRETARY HAVING CONTROL OVER SUCH A LARGE PERCENTAGE OF FUNDS UNDER THE PRESIDENT'S BILL (SUBPARTS 2 AND 3). WE RECOMMEND A $125 MILLION CEILING ON THE TEN PERCENT SECRETARY'S DISCRETIONARY POT. WE ALSO RECOMMEND THAT SUFFICIENT FUNDS BE DIVERTED FROM THE TWENTY-TWO PERCENT POT TO HOLD-HARMLESS THE CURRENT $693 MILLION FUNDING LEVEL FOR BASIC GRANTS. WE CANNOT SUPPORT THE ADMINISTRATION'S MATCHING REQUIREMENT.

THE CETA SYSTEM HAS HAD MORE THAN ITS FAIR SHARE OF SHOCK WAVES. LET'S TAKE THE TIME NECESSARY TO DRAFT AN EXCELLENT YOUTH BILL. IN THE MEANWHILE, LET'S EXTEND YEDPA WITH THE NECESSARY AMENDMENTS TO THE EXISTING CETA LAW ON AVERAGE WAGE, FLEXIBILITY FOR THE SECRETARY IN DETERMINING PRIME SPONSORS LIABILITY, CONSORTIA BONUSES AND OTHERS LISTED EARLIER.

WE APPRECIATE THIS OPORTUNITY TO TESTIFY BEFORE YOUR SUBCOMMITTEE AND LOOK FORWARD TO ANSWERING ANY QUESTIONS YOU MIGHT HAVE.

DISTRIBUTION OF FUNDS UNDER THE PRESIDENT'S PROPOSED YOUTH ACT OF 1980


Title I, Subpart A
100%
$1,125 mil
Subpart 1
68%
Basic programs (employment opportunities and training, supportive services, etc.).
$765 mil
Subpart 2
22%
Incentive Grants
$247 mil
Subpart 3
10%
Secretary's discretionary up to $112.5 mil
59%
Prime Sponsors
$663.75 mil
9%
Others
$101.25 mil
13.6%
Special Purpose Incentive Grants
$153.5 mil
8.4%
Education Cooperation Incentive Grants for integrated programs of work experience and education
$94 mil
5%
Governor's Statewide
$56.25 mil
2%
Native American
$22.5 mil
2%
Migrant/Seasonal farmworkers
$22.5 mil
44.25%
Distributed by current YETP formula
$497.81
14.75%
(a formula yet to be determined that concentrates on "areas most in need")
$165.94 mil

Distribution of Funds Under the President's Proposed Youth Act of 1980

Budget Request: $1125 mil for FY'81

Title I, Part A

68%	Subpart 1:	Basic Programs	$765 mil
22%	Subpart 2:	Incentive Grants	$247 mil
10%	Subpart 3:	Secretarys' Discretionary	$112 mil

Subpart 1 - Basic Programs

5%	Governor's Statewide Programs	$56.25 mil
2%	Native Americans	$22.5 mil
2%	Migrant and seasonal farmworkers	$22.5 mil
59%	Prime Sponsors	$663.75 mil
	44.25% by current YETP formula	($497.21 mil)
	14.75% formula yet to be determined	($165.94 mil)
68%	TOTALS	$765 mil

Subpart 2 - Incentive Grants

8.4%	Education Cooperation Incentive Grants intergrated Programs of work experience and education	$94 mil
13.6%	Special Purpose incentive grants (matching requirement)	$153.5 mil
22%	TOTALS	$247 mil

Subpart 3 - Secretary's Discretionary

10%	Experimental programs; Interagency cooperation; TAT, R&D	up to $112.5 mil

Senator **Nelson**. Thank you very much, Commissioner Williams. On public service employment jobs, do you favor an emphasis on either the countercyclically or structurally unemployed?

Ms. **Williams**. I would favor emphasis on the structurally unemployed, yes.

Senator **Nelson**. Do you disagree with the concept of the—I understand the complaint about the average wage being too low. I think that's correct, it is too low; but should it be targeted somewhere around entry level jobs?

Ms. **Williams**. Mr. Chairman, speaking from my own county and the kinds of problems that we have in Genessee County, Mich., I would certainly think that it should be geared toward the entry level of the jobs, yes.

Senator **Nelson**. The House felt very strongly and was very concerned about the question of substitution. That's what they were aiming at in particular in pushing that wage level down to be sure that it would be entry level jobs.

What would you recommend as the average wage rate? How would you measure it, by area, region——

Ms. **Williams**. I would measure it, Mr. Chairman, by area. Taking into consideration, again, my own community, which is a highly industrialized and highly unionized locality, it's very difficult to put jobs—we have to have entry level salaries that would be commensurate with the other wages that are being paid in the community, which sometimes is a bit higher than what you would find in other areas of the country.

I also would commit our staff at the National Association of Counties to working with the committee staff if you would request it, or if you need their help to come up with some sort of a formula that would be good for the rest of the country.

Senator **Nelson**. Well, if you would do that and submit it to us for the record, I would like to see what that recommenation is.

Ms. **Williams**. We certainly will do that, Mr. Chairman.

Senator **Nelson**. We're going to have to address that question.

Ms. **Williams**. We will certainly do that.

[The following was submitted for the record:]

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NACo
National Association of Counties
Offices • 1735 New York Avenue N.W., Washington, D.C. 20006 • Telephone 202/785-9577

March 13, 1980

The Honorable Gaylord Nelson
Chairman, Senate Subcommittee on
  Employment, Poverty and Migratory
  Labor
A701 Immigration Building
119 D Street, N.E.
Washington, D.C. 20510

Dear Senator Nelson:

When NACo testified before your subcommittee on March 6, 1980, you asked us to provide you and your subcommittee staff with recommendations for changing the average and maximum wage provions in PL 95-524. Regarding the average wage provisions we are suggesting options in order of priority:

(1) Support to Rep. Myers' Amendment (HR 5914):

There are now 39 co-sponsors in the House range of political persuasions of HR 5914 (enclosed). This bill would allow prime sponsors to determine their own average wage based on the average of entry level wages that are below the CETA maximum in that prime sponsor area. The Secretary would verify the methodology used by each prime sponsor.

This approach is the only one suggested to date that would solve the average wage problem for almost all prime sponsors if applied under the present regulations affecting the average wage determination for members of consortia.

(2) Increasing the $7200 average in Section 122(i)(2):

NACo and AFSCME have reviewed the impact of increasing the average wage from slightly different perspectives. NACo reviewed how many new position classifications would open up if the average wage was increased to $7800, $8000, or $8200. AFSCME reviewed what the average wage would be in 33 cities and 2 counties if the average wage was increased to $7800, $8000, and $8500. Both NACo's and AFSCME's approaches assumed that the new average would simply replace the $7200 figure in the 1979 terms of the law and be indexed upward as in the present language. The NACo study of a very limited number of prime sponsors shows a significant increase in new available job classifications when the average is increased to $8200.

We recommend that you request that DOL give you a computer run on the average wage for all prime sponsors in fsical 1980 if the average wage were raised to $8200. We look forward to being able to review such a computer run. This approach would be the simplest change since you are retaining existing language and only substituting a dollar figure.

With regard to the maximum wage, we would suggest that the PSE maximum wage be established as a percentage of the new average wage, thereby indexing the maximum wage as well as the average wage. We recommend that the maximum wage be set at 150% of the new average wage.

In our suggestions for changing the average and maximum wage, we recommend that all prime sponsors be held harmless against the existing wage limits so that any quirks in whichever approach is selected does not hurt any prime sponsors.

We would be happy to provide further arguments for why these increases are needed should existing testimony not suffice. We are enclosing the State of Massachusetts study of February 1980 which updates NACo's average survey of July 1979 which demonstrates the need for an amendment.

Please feel free to call us if you have any questions. We look forward to working with you on this amendment.

Sincerely,

Jon Weintraub

Jon Weintraub
Associate Director

Attachments

A - HR 5914, February 28, 1980

B - NACo survey relating average wage and new job classifications

C - AFSCME average wage data

D - State of Massachusetts survey

96th CONGRESS
2d Session

H. R. 5914

To amend the Comprehensive Employment and Training Act to revise certain restrictions on wages.

IN THE HOUSE OF REPRESENTATIVES

November 15, 1979

Mr. Myers of Pennsylvania (for himself, Mr. Bailey, Mr. Edgar, Mr. Kildee, Mr. Lederer, Mr. Murphy of Pennsylvania, and Mr. Weiss) introduced the following bill; which was referred to the Committee on Education and Labor

February 28, 1980

Additional sponsors: Mr. Akaka, Mr. Fazio, Mr. Clinger, Mr. Pepper, Mr. Roe, Mr. Vento, Mr. Ertel, Mr. Tauke, Mr. Markey, Mr. Sabo, Mr. Heftel, Mr. Gray, Mr. Seiberling, Mr. Howard, Mr. Davis of Michigan, Mr. Dougherty, Mr. Miller of California, Mr. Hughes, Mr. Early, Mr. Fisher, Mrs. Spellman, Mr. Pashayan, Mr. Nowak, Mr. Duncan of Oregon, Mr. Coelho, Mr. Guarini, Mr. Edwards of California, Mr. Panetta, Mr. Donnelly, Mr. Kemp, Mr. Mitchell of Maryland, and Mr. Stark

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A BILL

To amend the Comprehensive Employment and Training Act to revise certain restrictions on wages.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 122(i)(2) of the Comprehensive Employment and Training Act (29 U.S.C. 824(i)(2)) is amended to read as follows:

"(2) In order to provide the maximum number of employment and training opportunities under this Act, no prime sponsor shall provide average federally supported wages for public service jobholders for any fiscal year greater than the average entry level wage, as computed by the prime sponsor, for all the employment positions with such prime sponsor other than positions which are compensated at a rate in excess of the maximum rate established for such prime sponsor under paragraph (1). The prime sponsor shall submit to the Secretary the methods and, upon request, the data used in the computation of such average entry level wage.".

ATTACHMENT B

AVERAGE WAGE SURVEY ON NO. OF CLASSIFICATIONS OPENED DUE TO INCREASED NATIONAL AVERAGES

	PRIME SPONSOR INDEX	$7,800 INDEXED TO 8291.4	NO. OF CLASSIFICATIONS OPENED UP	$8,000 INDEXED TO 8,504	CUM. TOTAL NO. OF CLASSIFICATIONS OPENED UP	$8,200 INDEXED TO 8716.6	CUM. TOTAL NO. OF CLASSIFICATIONS OPENED UP
[illegible]ion I [illegible]obscot ME	82.6	$6848.	0	$7,024	0	$7,199	25
[illegible]ion II* [illegible]olk NY	99.9	8,282	N/A	8,495	N/A	8,707	N/A
[illegible]on III [illegible], VA	92. 93.9 94.3	7,627 7,785 7,818	43	7,823 7,985 8,019	48	8,018 8,184 8,219	54
[illegible]on IV [illegible], FL	87.8	7,279	0	7,466	0	7,652	5
[illegible]n V [illegible], OH	111.8 114.5	9,269 9,240	13	9,507 9,477	27	9,744 9,979	39
[illegible]tenaw, MI	122.	10,115	2	10,374	3	10,633	4
[illegible]on VI** [illegible]ant, TX	101.8	8,440	N/A	8,657	N/A	8,872	N/A
[illegible]ion VII [illegible].I.R.A.L.G., IA	94.9 98.3 99.1	7,868 8,150 8,216	3 9 14	8,070 8,359 8,427	4 21 21	8,271 8,567 8,637	17 24 25
Region VIII Weld, CO	87.9	7,287	10	7,475	23	7,661	25
Region IX LA County, CA	116.4	9,650	144	9,898	195	10,145	292
Region X Mid-Willamette, OR	92.3 92.4 92.5	7,652 7,660 7,669	8	7,849 7,857 7,866	21	8,044 8,053 8,062	28

* Due to the limited maximum wage levels the average wage increase is irrelavant.

** Entry level wages in Tarrant County are low enough so the average wage is not a problem.

ACTUAL PUBLIC SECTOR WAGES COMPARED TO ACTUAL FY '80 CETA AVERAGE WAGE AND ALTERNATIVE AVERAGE WAGES

	FY 1980 LOWEST FULL-TIME RATE	FY 1980 CETA WAGE INDEX	FY 1980 CETA AV. (ACTUAL) ($7653)	AV. $7800 FOR FY 1980	AV. $8291 FOR FY 1980	AV. $8000 FOR FY 1980	AV. $8504 FOR FY 1980*	AV. $8500 FOR FY 1980	AV. $9035 FOR FY 1980*
Los Angeles Co., CA	$ 8,851	112.0	$ 8,571	$ 8,736	$ 9,286	$ 8,960	$ 9,524	$ 9,520	$ 10,119
San Diego, CA	7,571	98.0	7,500	7,644	8,125	7,840	8,334	8,330	8,854
Bridgeport, CT	8,353	113.9	8,717	8,884	9,443	9,112	9,686	9,682	10,291
Hartford, CT	6,747	*105.0	8,036	8,190	8,706	8,400	8,929	8,925	9,487
Newhaven, CT	7,110	96.4	7,377	7,519	7,993	7,712	8,198	8,194	8,709
Miami, FL	8,097	96.2	7,362	7,504	7,976	7,696	8,181	8,177	8,692
Honolulu, HI	7,000	92.5	7,093	7,215	7,669	7,400	7,866	7,863	8,357
Chicago, IL	7,280	119.4	9,138	9,313	9,899	9,552	10,154	10,149	10,788
Indianapolis, IN	6,442	108.9	8,334	8,494	9,029	8,712	9,261	9,257	9,839
New Orleans, LA	6,848	99.9	7,645	7,792	8,283	7,992	8,495	8,492	9,026
Baltimore, MD	7,225	105.7	7,982	8,245	8,764	8,456	8,989	8,984	9,550
Boston, MA	7,641	109.1	8,349	8,510	9,045	8,728	9,278	9,274	9,857
Detroit, MI	10,889	137.2	10,500	10,702	11,375	10,976	11,667	11,662	12,396
Minneapolis, MN	7,374	107.1	8,196	8,354	8,880	8,568	9,108	9,104	9,676
Kansas City, MO	6,528	104.2	*7,974	8,128	8,639	8,336	8,861	8,857	9,414
Omaha, NE	8,307	*95.7	*7,324	7,465	7,934	7,656	8,138	8,134	8,646
Atlantic, City, NJ	7,030	85.5	7,093	6,669	7,089	6,840	7,271	7,268	7,725
Camden, NJ	8,397	*104.9	8,028	8,182	8,697	8,392	8,921	8,916	9,478
Buffalo, NY	8,265	102.7	7,860	8,011	8,515	8,216	8,734	8,730	9,279
Rochester, NY	8,877	115.7	8,855	9,025	9,593	9,256	9,839	9,834	10,453
New York, NY	8,830	122.4	9,367	9,547	10,148	9,792	10,409	10,404	11,059
Niagara Co., NY	9,236	105.2	8,051	8,206	8,722	8,416	8,946	8,942	9,505
Syracuse, NY	7,441	100.7	7,707	7,855	8,349	8,056	8,564	8,560	9,098
Cincinnati, OH	10,525	110.9	8,487	8,650	9,195	8,872	9,431	9,426	10,020
Columbus, OH	8,464	101.8	7,791	7,940	8,440	8,144	8,657	8,653	9,198
Dayton, OH	8,079	114.4	8,755	8,923	9,485	9,152	9,729	9,724	10,336
Youngstown, OH	7,631	113.9	8,717	8,884	9,443	9,112	9,686	9,682	10,290
Oklahoma City, OK	8,424	97.3	*7,515	7,589	8,067	7,784	8,274	8,270	8,791
Portland, OR	8,320	109.0	8,342	8,502	9,037	8,720	9,269	9,265	9,848
Erie, PA	8,268	96.7	7,400	7,543	8,017	7,736	8,223	8,220	8,737
Philadelphia, PA	11,071	109.8	8,403	8,564	9,104	8,784	9,337	9,333	9,920
Pittsburgh, PA	8,633	111.9	8,564	8,728	9,278	8,952	9,516	9,512	10,110
Providence, RI	7,540	86.2	7,093	6,724	7,147	6,896	7,330	7,327	7,788
Madison, WI	8,638	97.4	7,454	7,597	8,075	7,792	8,283	8,279	8,800
Milwaukee, WI	9,663	108.8	8,326	8,486	9,021	8,704	9,252	9,248	9,830

*[illegible]

ATTACHMENT D

RECEIVED
FEB 25 1980

The Commonwealth of Massachusetts
Department of Manpower Development
Charles F. Hurley Building, 5th Floor
Government Center, Boston, Mass. 02114

GEORGE S. KARIOTIS
SECRETARY
OF ECONOMIC AFFAIRS

Mario Alfano
ASSISTANT SECRETARY
OF ECONOMIC AFFAIRS
FOR MANPOWER DEVELOPMENT

AVERAGE WAGE SURVEY REPORT

February 1, 1980

INTRODUCTION

In an effort to further document the effect of the average annual wage (AAW) provision on the implementation of CETA public service employment programs, the Massachusetts Department of Manpower Development (DMD) circulated a questionnaire in November, 1979 to all 473 CETA prime sponsors. The questionnaire was based on one circulated in July, 1979 by the National Association of Counties (NACo) to its employment and training membership, which includes approximately 300 prime sponsors.

NACo received 153 responses; as of January 28, 1980, DMD received 167 responses (35% response rate). Table I shows survey respondents by region.

The following report presents some of the more interesting survey results to date. A breakdown by region of survey results is available from DMD for those who are interested.

FINDINGS

The DMD survey revealed that a full 74% of respondents currently have AAW indices that fall below the average entry level public sector wage in their prime sponsor areas. Additionally, only 2% of respondents reported that the average entry level public sector wage in their prime sponsor area is above their current CETA maximum wage.

Other areas in which the survey yielded valuable information include the effect of the AAW on 1) the ability of prime sponsors to implement the PSE program at all, and 2) the type and quality of public service employment (PSE) jobs created since April 1, 1979.

Finally, the survey revealed that 41% of respondents have informed their chief elected officials about the specific problems they face in relation to the AAW provision. This is a surprisingly low number, given that approximately 83% of respondents were interested in attending a conference to share information on the AAW with other prime sponsors.

ABILITY TO IMPLEMENT PSE PROGRAM

The AAW provision has affected the ability of prime sponsors to spend both their FY 1979 and 1980 PSE allocations. Approximately 32% of survey respondents returned, on the average, 21% of their FY 1979 Title II-D allocation ($57.9 million) and 21% of their FY 1979 Title VI allocation ($61.7 million) because there were insufficient numbers of entry-level slots within the average wage range. Clearly, the bottom line here is fewer jobs in a time of rising unemployment simply because prime sponsors were unable to spend money they had been allocated by Congress.

For FY 1980, approximately 23% of respondents reported that they would not have a sufficient number of entry-level slots within their AAW range to meet their PSE hiring goals. In July, 1979, the NACo survey found 50% of its respondents in this category. There are two probable explanations for this drop. First, most prime sponsors had far fewer positions to fill than expected as a result of 1980 PSE allocation cutbacks. Second, many primes did restructure some positions to fall within the average wage limitations between July and November.

TYPE AND QUALITY OF PUBLIC SERVICE EMPLOYMENT JOBS

According to Section 232 of the reauthorized CETA law, PSE is intended to create jobs for the economically disadvantaged which are at entry level and which provide opportunities for future employment. According to our survey results, the average annual wage provision counters PSE's ability to fulfill this intention in the following ways:

Differences between Past and Present PSE Jobs

When asked, "Is there evidence that the jobs which meet the AAW guidelines differ in a substantial way from the past PSE jobs that are now excluded? How?," a full 74% of respondents replied that there was such evidence. Many explanations as to how the jobs had changed reflected bitterness and frustration, such as "CETA participants in the past were not 2nd class citizens."*

Other prime sponsor comments generally fell into one of the following categories:

43%	"The Transitional possibilities of present jobs are less."
39%	"The skill level of present jobs is lower." (Jobs offer less opportunities for personal growth or career expansion)
13%	"Present jobs are now "dead-end jobs."
5%	Other

*Other answers: "The jobs do not provide for transition, career mobility, skills development, good self-esteem or contribute much to the general welfare of the community."

"...They are dead-end, bottom of the line jobs, - usually with a non-profit CBO who created them with little prospect of promotion. Rarely any relationship with needs in the community."

Efforts at Job Restructuring

When asked, "Is it necessary to restructure positions to meet the average annual wage requirements for the prime sponsor's area?," approximately 64% of respondents said "yes." In July, 80% of respondents said "yes" to a similar question in the NACo survey. The difference is probably accounted for by PSE funding cutbacks announced since July, under which prime sponsors have had to create far fewer jobs than expected.

As was the case with the NACo survey, the majority of DMD respondents had few constructive suggestions to share on procedures and processes for job restructuring. The most frequent suggestion was that primes contact the U.S. Civil Service Commission.

Other comments by respondents strongly indicated that prime sponsors remain in need of intensive technical assistance and training (TAT) in restructuring jobs in a manner consistent with CETA regulations.

Impact on Quality of Proposals and Project Sponsors

Approximately 63% of survey respondents have asked for proposals in line with the new AAW guidelines. Half of them stated that they had changed the standards for project approval. Basically, prime sponsors said they are giving more weight to salary levels for the jobs requested and less weight to type of position, project content, and/or the ability of participants to transition into unsubsidized employment.

When asked, "Does the prime sponsor intend to use agencies that have not been used in the past which have lower entry level positions?," only 33% of respondents said they were turning to new community-based organizations. One explanation for this low percentage is that primes have already turned to CBO's in large numbers to create jobs. Of primes who said they are not turning to new agencies, approximately 14% reported that more than 75% of their jobs are already in CBO's; an additional 17% of respondents said that CBO's now account for 50-75% of their worksites. In general, the capacity of CBO's to absorb increasing numbers of PSE workers is extremely limited without additional supervisory and administrative staff.

AVERAGE ANNUAL WAGE INDICES AND AVERAGE PUBLIC SECTOR ENTRY-LEVEL WAGES

Table II shows the distribution of FY 1980 average annual wage indices of survey respondents. Table III presents the distribution of survey respondents' average entry level wages in the public sector (within the CETA maximum). HR 5914, introduced by Congressman Myers, allows prime sponsors to determine their own average wage based on the average of entry-level public sector positions in their area, within their CETA maximum; Table III, then, gives an indication of what average wages would be under the Myers' amendment.

TABLE I

Survey Respondents as a Percent of Total Prime Sponsors By Region

Region	# of Respondents	Prime Sponsors % of Total
I	13	50%
II	22	36%
III	14	25%
IV	28	42%
V	41	36%
VI	10	23%
VII	7	23%
VIII	5	31%
IX	20	36%
X	7	39%

TABLE II

FY '80 Average Annual Wage Index of Respondents

	% of Respondents
Under $7,000	2.5%
$7,001-7,500	51%
$7,501-8,000	17%
$8,001-9,000	24%
$9,001-10,000+	5.5%

TABLE III

Average Entry Level Wage in the Public Sector (within CETA maximum)

	% of Respondents
Under $7,000	14%
$7,001-7,500	18%
$7,501-8,000	9%
$8,001-9,000	36%
$9,001-10,000+	23%

Senator Nelson. Thank you very much.

Commissioner MacIlwaine?

STATEMENT OF HON. PAULA MacILWAINE, COMMISSIONER, MONTGOMERY COUNTY, OHIO, REPRESENTING THE NATIONAL ASSOCIATION OF COUNTIES

Ms. MacIlwaine. Mr. Chairman, my name is Paula MacIlwaine. I'm president of the County Commission of Montgomery County, Ohio. I chair the committee on welfare reform jobs of the Employment Steering Committee of the National Association of Counties. I, too, am accompanied by Jon Weintraub, who is our associate director and legislative coordinator of NACO.

We wish to commend the distinguished chairman, Mr. Nelson, and members of your committee, for your outstanding leadership in pushing welfare reform in the 96th Congress.

Welfare continues to be the single largest expense of the Nation's counties, more than $11 billion last year funded from property tax. The problems which the current systems creates for taxpayers, recipients, and county governments that fund and administer welfare programs have not changed. The Nation still needs a more rational system that can deliver income support and employment opportunities in a humane and efficient manner, and counties still need fiscal relief.

There are 18 States in this country where counties share a very large burden of these costs. The counties in these 18 States are responsible for 50 percent of the AFDC case load nationally, and my State of Ohio is one of these.

Counties in New York spend 50 to 65 percent of their budgets on welfare, while the burden for California counties averages about 35 percent. In Ohio, that figure is 15 percent.

What would fiscal relief mean to my county, Montgomery County, Ohio? The unemployment rate in my county was 6.6 percent in December of 1979, while the State of Ohio was 5.9 percent, and the national was 5.6 percent.

In 1978, we spent $2.5 million of local tax revenue on welfare. In 1979, we spent $3.6 million, a 44-percent increase. If you include the $2.8 million for medical care that we spend annually, we spend approximately $6.48 million on public assistance, and this was in 1979.

We can't increase taxes to meet these costs, so other services must be curtailed or eliminated to meet the increasing demand of welfare benefits on our budget.

Counties spend approximately $3 billion national on general assistance. We feel that additional fiscal relief in relation to the general assistance cost could be improved at a tremendous cost-benefit ratio if the CETA average wage was increased or eliminated to make participation in a regular CETA PSE job more attractive.

Clearly the average wage provision has been shown to be major national problem. Surveys by NACO, USCM, the State of Massachusetts, and DOL regional offices, confirm the problem and only vary in their estimates in their magnitude of the problem.

Many prime sponsors are forced to pay wages below the poverty level because of the average wage restrictions. Studies have clearly shown that PSE jobs in local government have two or three times better transition rate than those in CBO's, yet PSE jobs in most local governments are a thing of the past, thanks to the average wage. If transition is still important, we urge you to alleviate the average wage problem. We'd be happy to work with you on this amendment with the committee staff.

We need an amendment to S. 113, S. 112, to insure that local CETA prime sponsor government is not held liable out of the general revenues for mistakes in eligibility determination made by the welfare system. The fiscal relief we would get from this bill could be eaten up by this liability.

We're concerned with the heavy reliance on States for the job search function, while recognizing that the important role States play, we would prefer a first right of refusal in administration of the job search function on the part of counties in at least the 18 States where counties administer welfare. This first right of refusal would put counties through their effective performance on the job search function and more control of their fiscal relief.

NACO would also prefer that clients in any part of the CETA system be immediately eligible for a tax credit. This eligibility would expedite placement in the private sector.

NACO is concerned with the impact on funding of CETA titles II-D and VI that funding for public service jobs in the new part E of title II will have. While we fully support the use of public service jobs for welfare clients, we're concerned that the balance be maintained, and PSE jobs for welfare jobs should not subsume the existing PSE program. Possibility the subcommittee could create this balance by including language similar, in effect, to section 112(b)(1) of the current CETA law.

Section 112 creates a balance between titles II-B and II-C, and title II-D of CETA by capping the amount that can be appropriated for II-D at 60 percent of funds for all title II.

Balance is necessary between your new title II-E and the existing titles II-D and VI. A balance must also be achieved within title II to insure adequate funding for titles II-B and II-C, the backbone of the CETA system.

It is our perception that additional language is needed to insure balance with CETA.

We do not support the amendments to title II-D in section 4 of S. 1312. All PSE jobs for welfare recipients should be in title II-E. Reporting same program management and ability to measure program impact all demand funding these jobs in a separate title II-E without mortgaging title II-D.

It is too soon for us to know the anticipated dollar impact of the proposal on counties, yet the intent of the bill is clearly to guarantee substantial fiscal relief. We strongly support such a guarantee and would like to see the fiscal relief passed through the counties at that pay for FDC and SSI supplements. We further support a clear and continuing hold-harmless to prevent States and counties from experiencing high welfare costs resulting from program changes.

In conclusion, we want to reemphasize that the National Association of Counties continues to support a reform welfare and employment system that is more humane and beneficial to recipients, more rational to administer, and more fair to taxpayers. We are confident that this subcommittee will fashion a bill from the proposal before us that can be enacted and that will move us much closer to welfare reform. We pledge NACO's support and assistance in your efforts, and we are enclosing a brief section by section comments for your perusal, and appreciate this opportunity to testify before your subcommittee.

Senator Nelson. Thank you very much, Commissioner, for your testimony. We may have some written questions to submit later, which I assume you will be prepared to respond to.

Ms. MacIlwaine. Yes. If I might just add, Senator Nelson, we have one of the demonstration projects in our county to test this piece of legislation. Although the results are a little unclear at this time since we only began the program 7 weeks ago——

Senator Nelson. Is the demonstration of——

Ms. MacIlwaine. It's of the job search and job assistance program, and also the second part to the program. We are taking general relief recipients. We have already put 382 of these people through the program since January 8. Actually, they have 2 more weeks in the job search. We have been able to place 25 percent of these in private sector positions in our county, even though our unemployment rate is substantially high; and we have also dropped another 35 percent off the welfare rolls, and are saving our county about $18,000 a month with just the short time that we've been involved in the program. So, we believe very strongly that this program can succeed, and we hope that with the current funding cuts that are going on in this city that the demonstration projects are not the first to go. We feel that they are going to provide good results, and will show that this particular piece of legislation can be effective throughout the whole country.

Senator Nelson. How many did you place in jobs?

Ms. MacIlwaine. Twenty-five percent so far. We're only in the sixth week of job search. Most of the positions, we're placing people through newspaper want ads, and various entry level positions in our community. Our participants on general relief only get $101 a month. They're single adults, and at $3.10 an hour, which is the minimum wage in entry level positions in our community, substantially higher than what they get on general relief. We require that—and through this program, the demonstration—if they miss more than two sessions of the particular program, then they are taken off the welfare rolls; and we've had very good attendance; and those who have not come, we have dropped 35 percent of those participants off the rolls.

Senator Nelson. Thirty-five percent of those who have not come to what?

Ms. MacIlwaine. We require that they participate in the program. If they do not come to the active job search program, which is an all-day program, if they miss more than two unexcused absences, they are taken off welfare.

Senator Nelson, And how many were taken off?

Ms. MacIlwaine. Thirty-five percent of our participants so far have been dropped, and we've put about 382 through. We have 382 enrollees at this point.

Senator **Nelson**. Do you have any record of what those who were taken off are doing?

Ms. **MacIlwaine**. Well, we believe that many of these people had other jobs that they were not reporting and probably on welfare illegally, and because we require a full day attendance from these people, we suspect that they have had other employment and are not able to get to our sessions.

[The prepared statement of Ms. MacIlwaine follows:]

STATEMENT OF PAULA MACILWAINE, COMMISSIONER, MONTGOMERY COUNTY, OHIO ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTEIS, BEFORE THE SUBCOMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR OF THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, MY NAME IS PAULA MACILWAINE, COUNTY COMMISSIONER OF MONTGOMERY COUNTY, OHIO. I CHAIR THE COMMITTEE ON WELFARE REFORM JOBS OF THE EMPLOYMENT STEERING COMMITTEE OF THE NATIONAL ASSOCIATION OF COUNTIES. I AM ACCOMPANIED BY JON WEINTRAUB, ASSOCIATE DIRECTOR AND LEGISLATIVE COORDINATOR OF THE NATIONAL ASSOCIATION OF COUNTIES.

I AM HERE TODAY TO ECHO MY COLLEAGUES' SUPPORT FOR ACTION ON WELFARE REFORM. WE APPLAUD THE APPROACH TO MAKE WORK ALWAYS MORE PROFITABLE THAN WELFARE AND TO INSURE THAT A PRIVATE OR NON-SUBSIDIZED PUBLIC JOB WILL ALWAYS BE MORE PROFITABLE THAN A SPECIAL FEDERALLY FUNDED PUBLIC SERVICE JOB.

WE SUPPORT THE RELIANCE ON CETA AS OPPOSED TO WIN AS THE BASIC DELIVERY SYSTEM FOR THE JOBS SIDE OF WELFARE REFORM.

WE WISH TO COMMEND THE DISTINGUISHED CHAIRMAN, MR. NELSON, AND MEMBERS OF THIS COMMITTEE FOR YOUR OUTSTANDING LEADERSHIP IN PUSHING WELFARE REFORM IN THE 96TH CONGRESS. WE ARE GREATLY ENCOURAGED THAT YOU HAVE BEGUN HEARINGS ON WELFARE REFORM. WE BELEIVE THAT THE BILL BEFORE THE SUBCOMMITTEE OFFERS SOME MEANINGFUL AND REALISTIC STEPS TOWARD WELFARE REFORM.

WE BELEIVE THAT WELFARE IS A NATIONAL RESPONSIBILITY, AND THAT THE FEDERAL GOVERNMENT SHOULD PAY A MUCH GREATER SHARE OF THE COSTS.

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*THE NATIONAL ASSOCIATION OF COUNTIES IS THE ONLY NATIONAL ORGANIZATION REPRESENTING COUNTY GOVERNMENT IN THE UNITED STATES. THROUGH ITS MEMBERSHIP, URBAN, SUBURBAN AND RURAL COUNTIES JOIN TOGETHER TO BUILD EFFECTIVE, RESPONSIVE COUNTY GOVERNMENT. THE GOALS OF THE ORGANIZATION ARE: TO IMPROVE COUNTY GOVERNMENTS; TO SERVE AS THE NATIONAL SPOKESMAN FOR COUNTY GOVERNMENTS; TO ACT AS A LIAISON BETWEEN THE NATION'S COUNTIES AND OTHER LEVELS OF GOVERNMENT; AND, TO ACHIEVE PUBLIC UNDERSTANDING OF THE ROLE OF COUNTIES IN THE FEDERAL SYSTEM.

Welfare continues to be the single largest expense of the nation's counties--more than $11 billion last year, funded entirely from the property tax. The problems which the current system creates for taxpayers, recipients, and county governments that fund and administer welfare programs have not changed. The nation still needs a more rational system that can deliver income support and employment opportunities in a humane efficient manner. And, counties still need fiscal relief.

Counties in 18 states (Alabama, California, Colorado, Georgia Indiana, Maryland, Minnesota, Montana, Nebraska, New Jersey, New York, North Carolina, North Dakota, Ohio, Oregon, South Carolina, Wisconsin, and Wyoming) administer welfare programs locally while only six cities shoulder that burden nationally. In those 18 states, counties are responsible for 50% of the AFDC caseload nationally. Counties in New York spend 50%-65% of their budgets on welfare while the burden for California counties averages about 35%. In Ohio that figure is 15%.

What would fiscal relief mean to my county, Montgomery County, Ohio? The Unemployment rate in my county was 6.6% in December 1979 while the state of Ohio was 5.9% and the nation's 5.6%. In 1978 we spent $2.5 million of local tax revenue on Welfare. In 1979, we spent $3.6 million, a 44% increase. If you include $2.88 million for medical care, we spent $6.48 million on public assistance in 1979. We cannot increase taxes to meet these costs, so other services must be curtailed or eliminated to meet this increasing demand of welare benefits on our budget.

For example, in AFDC, there is no flexibility or means to control the numbers of recipients. While a county government may be able to postpone road repair or decide not to improve a recreational facility, OR EVEN CUT BACK ON POLICE PATROLS, THIS IS NOT TRUE IN THE AFDC PROGRAM. COUNTIES AND STATES CANNOT REFUSE TO ADMIT ELIGIBLE PERSONS TO WELFARE ROLLS.

COUNTIES SPEND APPROXIMATELY $3 BILLION NATIONALLY ON GENERAL ASSISTANCE. WE FEEL THAT ADDITIONAL FISCAL RELIEF IN RELATION TO THE GENERAL ASSISTANCE COST COULD BE PROVIDED AT A TREMENDOUS COST-BENEFIT RATIO IF THE CETA AVERAGE WAGE WAS INCREASED OR ELIMINATED TO MAKE PARTICIPATION IN A REGULAR CETA PSE JOB MORE ATTRACTIVE.

CLEARLY, THE AVERAGE WAGE PROVISION HAS BEEN SHOWN TO BE A MAJOR NATIONAL PROBLEM. SURVEYS BY NACO, USCM, THE STATE OF MASSACHUSETTS, AND DOL REGIONAL OFFICES HAVE VARIED THE MAGNITUDE OF THE PROBLEM. MANY PRIME SPONSORS ARE FORCED TO PAY WAGES BELOW THE POVERTY LEVEL BECAUSE OF THE AVERAGE WAGE RESTRICTIONS. STUDIES HAVE CLEARLY SHOWN THAT PSE JOBS IN LOCAL GOVERNMENT HAVE A 2 TO 3:1 BETTER TRANSITION RATE THAT THOSE IN CBOS. YET PSE JOBS IN MOST LOCAL GOVERNMENTS ARE A THING OF THE PAST THANKS TO THE AVERAGE WAGE. IF TRANSITION IS STILL IMPORTANT, WE URGE YOU TO ALLEVIATE THE AVERAGE WAGE PROBLEM. WE WOULD BE HAPPY TO WORK ON THIS AMENDMENT WITH COMMITTEE STAFF.

WE NEED AN AMENDMENT S1312 TO INSURE THAT THE LOCAL CETA PRIME SPONSOR GOVERNMENT IS NOT HELD LIABLE OUT OF GENERAL REVENUES FOR MISTAKES IN ELIGIBILITY DETERMINATION MADE BY THE WELFARE SYSTEM. THE FISCAL RELIEF WE WOULD GET FROM THIS BILL WOULD BE EATEN UP BY THIS LIABILITY.

BUT I WANT TO MAKE IT VERY CLEAR TO THIS SUBCOMMITTEE THAT WELFARE REFORM IS NOT JUST A FISCAL MATTER TO US. WE WANT MAJOR REVISIONS IN THE SYSTEMS THAT SERVE OUR POOR AND JOBLESS CONSTITUENTS. WE WANT A JOBS AND WELFARE SYSTEM THAT BETTER SERVES THE NEEDS OF

RECIPIENTS. AND WE NEED A SYSTEM THAT MORE EQUITABLY DISTRIBUTES THE COSTS OF THE PROGRAMS.

NACo'S POSITION IS CLEAR. THE AMERICAN COUNTY PLATFORM STATES THAT, "ALL ADULT AMERICANS WHO ARE ABLE, WILLING, AND SEEKING WORK SHOULD BE GIVEN OPPORTUNITIES FOR USEFUL, PAID EMPLOYMENT AT FAIR WAGES." WE WOULD LIKE TO SEE THE JOBS PROGRAM PROVIDE WORK OR TRAINING FOR WELFARE RECIPIENTS WHO ARE EXPECTED TO WORK, AND FOR MOTHERS OF YOUNG CHILDREN WHO VOLUNTEER. UNLESS MOTHERS ON WELFARE HAVE REAL OPPORTUNTTIES TO WORK, THERE IS LITTLE HOPE OF BREAKING THE WELFARE CYCLE.

WE ARE CONCERNED WITH THE HEAVY RELIANCE ON STATES FOR THE JOB SEARCH FUNCTION IN S.1312 WHILE RECOGNIZING THE IMPORTANT ROLE STATES PLAY, WE WOULD PREFER A FIRST RIGHT OF REFUSAL IN ADMINISTRATION OF THE JOB SEARCH FUNCTION ON THE PART OF COUNTIES, AT LEAST IN THOSE 18 STATES WHERE COUNTIES ADMINISTER WELFARE. THIS FIRST RIGHT OF REFUSAL WOULD PUT COUNTIES, THROUGH THEIR EFFECTIVE PERFORMANCE ON THE JOB SEARCH FUNCTION, IN MORE CONTROL OF THEIR OWN FISCAL RELIEF.

NACo WOULD ALSO PREFER THAT CLIENTS IN ANY PART OF THE CETA SYSTEM BE IMMEDIATELY ELIGIBLE FOR A TAX CREDIT (WIN AND/OR TJTC). THIS ELIGIBILITY COULD EXPEDITE PLACEMENT IN THE PRIVATE SECTOR.

NACo IS CONCERNED WITH THE IMPACT ON FUNDING OF CETA TITLES II-D AND VI THAT FUNDING FOR PUBLIC SERVICE JOBS IN A NEW PART E OF TITLE II (S.1312) WILL HAVE. WHILE WE SUPPORT FULLY THE USE OF PUBLIC SERVICE JOBS FOR WELFARE CLIENTS, WE ARE CONCERNED THAT BALANCE BE MAINTAINED. PSE JOBS FOR WELFARE CLIENTS SHOULD NOT SUBSUME THE EXISTING PSE PROGRAM. POSSIBLY THIS SUBCOMMITTEE COULD CREATE THIS BALANCE BY INCLUDING LANGUAGE SIMILAR IN EFFECT TO SECTION 112 (B)(1) OF THE CURRENT CETA LAW (PL 95-524). SECTION 112 (B)(1) CREATES A BALANCE

BETWEEN TITLE II B AND C AND TITLE II-D OF CETA BY CAPPING THE AMOUNT THAT CAN BE APPROPRIATED FOR II-D AT 60% OF FUNDS FOR ALL OF TITLE II. BALANCE IS NECESSARY BETWEEN YOUR NEW TITLE II-E, AND THE EXISTING TITLES II-D AND VI. A BALANCE MUST ALSO BE ACHIEVED WITHIN TITLE II TO INSURE ADEQUATE FUNDING FOR TITLE II B AND C, THE BACKBONE OF THE CETA SYSTEM. IT IS OUR PERCEPTION THAT ADDITIONAL LANGUAGE IS NEEDED TO INSURE BALANCE WITH CETA.

WE DO NOT SUPPORT THE AMENDMENTS TO TITLE II-D IN SECTION 4 (SECTION 233(A)) OF S1312. ALL PSE JOBS FOR WELFARE RECIPIENTS SHOULD BE IN TITLE II-E. REPORTING, SANE PROGRAM MANAGEMENT, AND ABILITY TO MEASURE PROGRAM IMPACT ALL DEMAND FUNDING THESE JOBS IN A SEPARATE TITLE II-E WITHOUT MORTGAGING II-D.

NACO'S APPROACH TO COMPREHENSIVE REFORM RECOGNIZED THE NEED TO PHASE IN ELEMENTS OF OVERALL POLICY. MANY PROVISIONS OF HR 4904 WHICH PASSED THE HOUSE AT THE END OF THE FIRST SESSION, ARE RESPONSIVE TO OUR WELFARE PROBLEMS AND CAN BE SUPPORTED AS STEPS IN THE RIGHT DIRECTION. THESE ARE: THE FEDERAL MINIMUM BENEFIT ASSISTANCE FOR TWO-PARENT FAMILIES IN ALL STATES; EMPLOYMENT OPPORTUNITIES FOR TWO-PARENT FAMILIES: GUARANTEED FISCAL RELIEF FOR STATES AND COUNTIES; INCREASED FEDERAL PARTICIPATION IN THE COST OF AFDC; CASH-OUT OF FOOD STAMPS FOR SSI RECIPIENTS; STANDARDIZED WORK EXPENSES AND REVISED EARNED INCOME DISREGARDS; COORDINATION OF ASSETS AND INCOME TESTS FOR AFDC AND FOOD STAMPS; ONE MONTH ACCOUNTING PERIOD; "PRESUMPTIVE ELIGIBILITY" -- IMMEDIATE PAYMENT OF AID PENDING DETERMINATION OF ELIGIBILITY, AND TIMELY REPLACEMENT OF LOST OR STOLEN CHECKS; EXPANDED EARNED INCOME TAC CREDITS.

MR. CHAIRMAN, THE PROVISIONS WE HAVE MENTIONED ARE NOT EXCLUSIVE. THEY REFLECT RATHER, OUR SENSE THAT THE BILL BEFORE THE SENATE FORMS A VERY GOOD BASE FOR A SET OF WELFARE AMENDMENTS THAT HELP GREATLY

TO MAKE MORE SENSE OUT OF THE WELFARE PROGRAMS THAT WE HAVE AND THAT WILL IMPROVE THE CIRCUMSTANCES OF MANY OF THE NATION'S PEOPLE.

IT IS TOO SOON FOR US TO KNOW THE ANTICIPATED DOLLAR IMPACT OF THE PROPOSAL ON COUNTIES. YET, THE INTENT OF THE BILL IS CLEARLY TO GUARANTEE SUBSTANTIAL FISCAL RELIEF. WE STRONGLY SUPPORT SUCH A GUARANTEE AND WOULD LIKE TO SEE THE FISCAL RELIEF PASSED THROUGH TO COUNTIES THAT PAY FOR AFDC AND SSI SUPPLEMENTS. WE FURTHER SUPPORT A CLEAR AND CONTINUING HOLD HARMLESS TO PREVENT STATES AND COUNTIES FROM EXPERIENCING HIGHER WELFARE COSTS RESULTING FROM PROGRAM CHANGES.

IN CONCLUSION, WE WANT TO RE-EMPHASIZE THAT THE NATIONAL ASSOCIATION OF COUNTIES CONTINUES TO SUPPORT A REFORMED WELFARE AND EMPLOYMENT SYSTEM THAT IS MORE HUMANE AND BENEFICIAL TO RECIPIENTS, MORE RATIONAL TO ADMINISTER, AND MORE FAIR TO TAXPAYERS. WE ARE CONFIDENT THAT THIS SUBCOMMITTEE WILL FASHION A BILL FROM THE PROPOSAL BEFORE US THAT CAN BE ENACTED AND THAT WILL MOVE US MUCH CLOSER TO WELFARE REFORM. WE PLEDGE NACO'S SUPPORT AND ASSISTANCE IN YOUR EFFORTS. WE ARE ENCLOSING BRIEF SECTION BY SECTION COMMENTS FOR YOUR PERUSAL AND APPRECIATE THIS OPPORTUNITY TO TESTIFY BEFORE YOUR SUBCOMMITTEE.

ADDITIONAL COMMENTS ON THE WORK AND TRAINING OPPORTUNITIES ACT OF 1979

Section 252(b): We are concerned about the "adjustment" that the Secretary will be making in allocations. As you know, prime sponsors strongly disagree with the Administration's use of its current reallocation authority. These "adjustments" are apparently to be made retroactively and without notice or appeal. Current experience suggests that the Department does not respect legally binding contracts signed between prime sponsors and service providers. Therefore, "adjustments" which routinely require prime sponsors to break contractual agreements are currently quite common.

Section 253: Recipients of general assistance should also be eligible.

Section 254(c): We are concerned at the emphasis on the preparation of an employability development plan for each participating individual eight weeks before anything but job search can be done for that individual. Certainly, this should not be a written requirement. Moreover, if employability development assessment is to be done at the very beginning of the job search period, the prime sponsor should have the option of performing this function and, based on professional judgement, sending certain individuals immediately to training. While we understand the very hopeful results being obtained in demonstration projects, we also recall the high hopes held out for the Talmadge Amendments to the work incentive program (WIN). Unfortunately, employment and training professionals found that intensive job search did not find long lasting jobs for WIN participants, nor did it break the cycle of dependency. Moreover, as you know, the welfare demonstration projects have had sufficient funds for transportation and child care expenses. Traditionally, our nation has simply not provided sufficient funds in these areas. It should be noted that job search assistance success appears to be largely dependent on the availability of such supportive services.

Section 255(c)(1): We are quite concerned about the verification of eligibility. There are basically two things to verify: 1) the person's status as being eligible for one or another welfare program and 2) the person's status as the "principal earner" in a family. Most welfare programs, and certainly AFDC, have enormously complex eligibility requirements. We recommend that the job system simply "take their word for it" on eligibility. Designation of an individual as "principal earner" can unnecessarily discourage certain people, particularly women with unemployed husbands, from participating in such a program. We recommend simplified requirements i.e., that the spouse be unemployed or out of the labor force and that the family be eligible for one of the welfare programs. Very often a woman feels it's degrading to her husband to declare herself the "principal earner" of a family.

Section 255(c)(6): We are not sure why the language about "professionals in the fields of employment and training and supportive services" is included. It implies, however, the mandatory involvement of a series of agencies during the eight-week job search period which, while desirable, may not be feasible in every case, particularly in rural areas. In section (10), we firmly believe that the full eight weeks should not be mandatory. Those performing the assessment of need should have the authority to refer individuals directly to training when this seems appropriate. We oppose section in (13)'s suggestion that the state directly contact private industry councils, by-passing the prime sponsors. As you know, Title VII requires joint sign-off of the prime sponsor and the private industry council in the performance of any activity. Therefore, it is completely inappropriate for the state or the federal government to work directly with private industry councils. Section (14) appears to establish a hold harmless for AFDC recipients in all other titles of CETA. We oppose such a provision.

Section 256: We are unhappy with the prime sponsor role. As you know, under Title I, prime sponsors must explain in their plan any failure to agree with any comment made by the Governor. Should you not accept our basic recommendation that prime sponsors have the first right of refusal in operating job search assistance programs, we do feel that the Governor should respond to each of the prime sponsor's comments and should explain any variation from those recommendations.

Section 257(b)(2): This undercuts the very basis of CETA, i.e., the notion that service deliverers must compete for the right to deliver services based on their effectiveness in a local area.

Section 262: We are terribly concerned about the "adjustments" in prime sponsor allocations and the Department's demonstrated disregard for existing contractual arrangements and commitments. Further, we question the use of relative average cost as a factor for distributing funds. Certainly, this encourages prime sponsors to increase, rather than decrease, the cost of the program.

Section 263(a): It should say that any person referred from the job search assistance program is deemed to be eligible and that further verification of eligibility is unnecessary. We remind you, again, of our concern about "principal earners" in a family and our desire that a full eight weeks' job search not be required in every case.

Section 263(b): This simply must be deleted. There is no excuse for requiring a national fifty-fifty split between individuals qualifying under various paragraphs of the eligibility provisions.

Section 264: This requires a complete rewrite. First, 20% of the funds, at a minimum, are necessary for administrative costs. Second, the prime sponsor must have flexibility to determine whether public service employment or training is most appropriate for individual enrollees. If the prime sponsor does not have this flexibility, there is absolutely no reason to perform the assessment function or to develop an employability development plan. Presumably, in most cases, if the individual is job ready, he or she has been placed in an unsubsidized job during the job search assistance program.

Section 265(a)(1): This raises a serious problem in connection with the definition of "project." In section (3)(19) of the Act, specifically, projects are defined as a task or group of related tasks which will be "completed within a definable period of time." Unfortunately, many of the most useful public services cannot legitimately meet this part of the definition. An ongoing day care project which benefits clients with child care while providing useful employment is eliminated by this definition. With an 18-month limit on individual participation, certain "permanent" project activities could be provided, so long as those activities would not otherwise be available through local tax dollars.

Section 265(a): Paragraphs (2) and (3) are meaningless so long as the cost limitations of section 264(a) are in effect.

Section 265(a)(5): Delete. This requires that jobs be held open every time a participant terminates. Whether the prime sponsor chooses 30 or 45 days to freeze the position, it poses an unnecessary hardship on the employing agency and seriously reduces the prime sponsor's ability to manage its own program funds.

Section 265(b)(1): Delete. It is essential that participants under this title be treated equitably with other enrollees.

Section 265(c)(2): This would not be necessary if prime sponsors are given the first right of refusal on the job search program.

Section 266(1)(C): This uses different language than currently in CETA. We expect that implementation of this fine distinction may create confusion that makes it impossible for prime sponsors to comply with the Act.

Section 3(33): We urge a simplification of these definitions. We suggest that "principal earner" be deleted. Instead, simply require as a part of eligibility that only one adult per family participate. If, subsequently, a second adult attains unsubsidized employment, it should not be necessary to terminate the family member already a part of CETA. In other words, in addition to the family's eligibility for a welfare program, it should only be necessary to assure at the time of application and/or enrollment that no other adult is employed or enrolled in CETA.

Senator **Nelson**. Thank you very much.

Our next witness is the Honorable Carol Bellamy, city council president, New York, appearing on behalf of the National League of Cities.

Your statement will be printed in full in the record. You may present it however you desire.

STATEMENT OF HON. CAROL BELLAMY, CITY COUNCIL PRESIDENT, NEW YORK, N.Y., APPEARING ON BEHALF OF THE NATIONAL LEAGUE OF CITIES

Ms. **Bellamy**. Thank you very much, Mr. Chairman. I am Carol Bellamy, president of the council in the city of New York, and chair of the National League of Cities Human Development Committee.

I'm pleased to be here today to testify on behalf of the League of Cities, and its 15,000 cities which it represents. I will testify first on the welfare reform jobs proposal now pending before your subcommittee; and secondly, on the youth employment measures.

First, I would like to say that while relatively few cities—and my town is an exception—have direct responsibility for the administration of income support programs, city officials recognize the impact that dependency has on the quality of life in our urban areas.

Unemployment has been well documented as one of the root causes of many other urban ills, rising crime, delinquency rates, disintegration of families, deterioration of housing, poverty, outmigration from inner cities, and inequality between races and genders.

Individuals who are employed not only enjoy the economic rewards of their job status, but respect within their families and the community, and personal dignity as well.

We firmly believe that job opportunities for all persons should be one of the highest priorities of this Nation. In June of last year, I chaired a League of Cities task force to review the administration's welfare reform proposals, both the cash assistance and the employment and training components.

The testimony I present today will be based on the analysis the members of the task force conducted.

Before dealing with the specifics, I wish first to advise you of the major concern expressed by the task force members. As this subcommittee knows well, Congress totally revamped and revised CETA in the last Congress. We city officials as prime sponsors are just now beginning full implementation of that revised program, which I shall call for purposes of my testimony the new CETA, because it is after all an entirely new and completely restructured employment and training program.

While many of the criticisms leveled against our local administration of this program may be valid, we believe it is unrealistic to expect a positive measurable result when the rules of the game never remain constant long enough to develop a smoothly functioning employment system.

Indeed, we believe that our operation of the CETA system has demonstrated an ability to adjust with remarkable speed to new and changing circumstances, and that we have accomplished the stated congressional objective, employing the unemployed.

What we see in the administration's job proposal is yet another attempt to redirect and restructure a program that in its very short history has scarcely had a year of operation without some major alteration. The new CETA in our opinion already contains the elements appropriate to target employment and training opportunities to the most severely economically disadvantaged. Certainly the new CETA's more restrictive eligibility criteria moves substantially in the direction of providing the preponderance of employment and training funds to assist precisely the individuals most in need of assistance.

However, the new CETA does not go so far—and I think wisely—as to exclude single individuals and childless couples from participation who may be equally economically disadvantaged as unemployed parents. Many of these single individuals and childless couples have no alternative support systems available to them since they are ineligible for AFDC, and in many cases, also for SSI.

The full burden of providing assistance to these needy individuals falls entirely on State and local governments participating in general assistance programs.

In New York City, for example, we have over a hundred thousand recipients on home relief, which it—we call it home relief. It's generally called general assistance—of whom we estimate approximately 30,000 are employable. Thirteen thousand of these individuals are currently employed in some form of public activity to meet State requirements that welfare recipients work for their benefits. The preponderance of these individuals are between the ages of 17 and 30, and included among them are a substantial number of minorities, both black and Hispanic.

The administration's proposals to redirect more than half of the public service jobs available under CETA to families with children will significantly reduce any form of Federal assistance available to economically disadvantaged single and childless individuals. Consequently, they will be forced to rely more heavily on State and local assistance.

Since our major premise is that poverty is a national problem requiring national solutions, we believe that job programs, both training and public service employment, should be available to a broad mix of economically disadvantaged individuals. One segment of the Nation's needy population should not be benefited at the expense of another.

While we support coordination of employment related programs such as WIN, the employment service, and CETA, to reduce overlap and duplication, and to broaden the effectiveness of current expenditures, we believe such coordination cannot be accomplished by Federal mandate. Cooperation and coordination only work effectively where such arrangements are ultimately voluntary.

The dominant State role provided for in the administration job program at the expense of existing local government planning and operational arrangements will not work as currently drafted, and has the potentional to undo the achievements thus far realized through local efforts.

We recognize the validity of attempting to maximize the effectiveness of existing programs, and recommend that at a minimum, States be required to involve local elected officials substantially in the development of the State plan coordinating employment related activities, and at the same time that the local chief elected officials approval of that plan be required prior to its implementation.

The prime sponsor's right to complain to the Secretary of Labor that it is unsatisfied with a given State plan is not sufficient to guarantee willing and effective local government participation.

Since the legislation proposed by the sdministration appears at least from the League of Cities' perspective to permit the employment service to cream from among the pool of eligible individuals, I would like to raise a question concerning the time limits on participation in the administration's proposal. Previous speakers have also raised this.

As we understand it, heads of household referred to the prime sponsor for employment under the administration's proposal may participate in public service jobs for 78 weeks. They are then required to go through another 8-week job search period, and if unsuccessful in locating unsubsidized employment, may be placed again in a subsidized job. This clearly creates a disparity of treatment between family members and all other CETA participants. Family members are permitted to participate in the program indefinitely. All other individuals are limited to this 78-week participation period.

Insufficient account is taken of the individual's capacity to develop appropriate job skills likely to result in securing unsubsidized permanent employment.

It has been our experience as prime sponsors that many CETA eligible individuals—this includes welfare recipients and nonrecipients—require a substantially longer participation period in training and jobs programs than is allowable. The assumption at least for those placed in public service employment, that it is possible to move a significant number of individuals with little or no attachment to the work force from a training program or public service employment to self-sufficiency within this 78-week period, and thereby remove them from the welfare roles, is in the opinion of the League of Cities, overly optimistic.

We believe the training in jobs programs can and will be effectively ultimately if they can be tailored to the needs of the individual participants.

We cannot take an individual lacking basic skills, lacking in concept of the daily routine of work, and perhaps with numerous physical and other related problems as well, and achieve successful transition to unsubsidized employment within the permissible time frame.

Efficient and rational accommodation of individuals with little attachment to the lab or force, cannot be achieved overnight. Performance standards should be keyed to achieving long-term employment, rather than merely to immediate placement.

Others, to be sure, require far less assistance to make the appropriate transition and should be encouraged and aided in moving through the system more rapidly. Perhaps there will always be malingerers and sloppy administrators, but I believe Congress should not lose sight of our vested interest in seeing these programs succeed. There's no better legacy that we can leave our constituents—your constituents, my constituents—than the permanent improvement in the quality of life which can be realized when individuals become bona fide selfsufficient members of the Nation's work force.

Mr. Chairman, I am aware that you and others on this subcommittee are sympathetic to the difficulties we are encountering with the average wage provisions. I believe, however, that it is important to raise this issue at every opportunity. There are few, if any, positions in city government, and far too few to meet the need in the private nonprofit sector at the wage levels now permitted.

We understand the fiscal constraints facing the Federal Government, and the reluctance to increase spending, particularly for what are commonly perceived to be, at least in this day and age, unpopular social programs. Perhaps it would be appropriate for Congress to reconsider granting some flexibility in wages by permitting us to supplement these wages from local funds. Many localities would be willing to make a commitment of admittedly scarce local revenues where necessary to insure the success of the program.

There are relatively few jobs at the local government level that cannot at some point be duplicated in the private sector. Consequently, experience in a bona fide city job should enhance the target population's mobility in the overall job market. Permitting more flexibility in supplementing wages will also enable those of us at local government to coordinate other federally funded activities, such as CDBG, UDAG, and EDA, into a comprehensive job creation effort with CETA.

Mr. Chairman, I'd like now to turn to the second issue before you today.

As League of Cities did with respect to welfare reform, we also convened a task force of city officials to examine the causes of the Nation's unacceptable rates of unemployment among young people, and to consider some possible solutions.

This task force was chaired by council member Jessie Rattley of Newport News, Va., who is the new president of the National League of Cities. It met last summer, and the testimony I present today will in large part be based on the recommendations of this youth task force.

We are pleased to note that some of our recommendations have been incorporated into the administration's proposed youth legislation. I must say, however, as we pointed out with respect to the revision of CETA, the administration's youth employment proposal again raises the prospect of having to deal with significant revisions to a youth employment initiative which itself is only 3 years old.

Again, I think it fair to presume that the first year of the program involves the development of regulations at the Federal level. Next, local governments must spend time learning, understanding, and developing a rational program consistent with these regulations. Then, programs are actually implemented.

The time lapse from enactment to full implementation is usually 18 months. We are talking, then, about a program that is only 18 months old.

In this regard, it is also important to remember that portions of the existing initiative, the Youth Employment and Demonstration Projects Act, YEDPA, were clearly designed to approach youth employment from new and untested perspectives.

There was every expectation that the results of these demonstrations would produce successes as well as produce failures.

Consequently, League of Cities believes it is much too soon to draw accurate conclusion about the programs experience thus far; much less about the implication of the program on a long-term basis.

The major recommendation of the League of Cities youth task force was, therefore, that YEDPA be continued as is for another year, at least. Continuity of existing programs and certainty of funding levels are the two most important ingredients in operating a successful program. If Congress could guarantee that, we would be satisfied.

In addition, the youth task force identified five principle areas of concerns not adequately addressed in current programs, and developed recommendations to deal with each of these.

We regard these issued as neither exclusive or exhaustive, but as some positive steps toward resolution of the problems that we confront in youth employment, and I would like to speak to these five, briefly.

First is school to work transition. As city officials, we do not believe that the educational system in this country is adequately preparing youngsters for their future independence, and future self-sufficiency. Too many of your young people complete their schooling and are not ready for the world of work. Many lack basic skills, reading, writing, and the ability to calculate, skills that are essential for employability. Even those who have basic skills have little idea of what jobs are available to them, how to obtain them, or the longevity of various jobs available to those who are not college bound.

The League of Cities task force recommends, then, as a first step that schools be held accountable for teaching youngsters to be proficient at least in the basic skills. We also recommend that where possible, potential new educational resources be directed to developing curricular geared to employability. Emphasis on counseling must be expanded to include guidance and advice for those youngsters who are not college bound. This counseling might be available outside the schools, and there should be greater access to remedial education, to work orientation, and to training activities. Community colleges, community based organizations, unions, and the private sector, should all be encouraged to participate in enhancing the employability of our young population.

Job counselors must have direct contact with job training programs, and whenever possible, with potential employers as well.

Second of our five concerns has to do with the relationship between the public and private sector. Since it is accepted that the preponderence of job opportunities are and will continue to be available in the private sector in that many of these jobs are provided by small firms employing fewer than 500 individuals, publicly funded employment and training programs must be geared more closely to the long-term needs of these employers.

Job program information must also be better disseminated to these employers. Too few private sector employers are aware of existing tax incentives available to them if they hire economically disadvantaged youngsters. Certainly the existing CETA title VII, the private sector initiative program, is a step in the right direction.

The task force recommends that initiatives such as the targeted jobs tax credit be continued, and proposals such as exemption from social security liability for a limited period of time, at least be tested.

Senator NELSON. What do you mean by that?

Ms. BELLAMY. The social security? I believe Senator Javits has made some recommendations with respect to an exemption from social security. While our concern is that we not jump into the pool entirely, we think it deserves a chance of being tested, and we recommend that it should be tested.

Senator NELSON. You are talking about youth employment?

Ms. BELLAMY. I'm talking about incentive—what we're talking about are incentives to encourage the cementing of that public-private participation. There are a number of incentives. As I've indicated, we're supportive of the targeted jobs tax credit. We also believe that the recommendation to use this exemption from payment of Social Security ought to be tested to determine whether in fact there is a chance for some success in encouraging the participation of the private sector.

We also need better long-term labor analysis on which to base more appropriate training programs, and we need better coordination of information as well as resources available to and from the Federal Government.

For example, we understand that the Department of Commerce maintains an extensive list of private enterprises which do not appear to be shared with the Department of Labor. Obviously the sharing of information within government and the difficulties in that sharing is not new, we again continue our echo that that ought to occur. We think that this list might be useful in promoting the targeted jobs program.

Third concern is a concern that we've expressed over and over again, and express it again today, and that is the need for local flexibility in designing employment and training programs relevant to local requirements and to local problems. What works in one community is not necessary a prescription for curing another community's ills.

We are interested in how other communities solve their problems, but we do not believe that effective programs can be designed in Washington, and work in communities of varying size, with differing unemployment rates, and other assorted programs.

We locally elected officials are the ones most intimately acquainted with our communities and their problems. We are more directly responsible for the future liability of our communities, and we believe we understand our communities better.

Our task force suggested that one approach might be a system of rewards and incentives in which prime sponsors who demonstrate effectiveness in administering and targeting and monitoring successful youth programs, are granted greater program flexibility.

We also need provisions permitting innovation at the local level, and encouraging local governments to coordinate employment and training programs with other federally funded initiatives.

I can turn to our fourth concern, and that is the administration of the program.

Local governments continually battle problems of inconsistency and instability in program planning, development, and implementation. Funding projections and final allocations are frequently widely disparate. Federal and local budget cycles rarely coincide. Legislative mandates for forward funding, including authorizing legislation, are infrequently adopted in appropriations measures. Our task force recommends multiple-year funding for youth programs to improve coordination in the delivery of services, and rational program development.

We also recommend consolidation and coordination of programs operated by different federal agencies so that local governments have an opportunity to maximize federal resources at the local level without impossible administrative hurdles.

This youth task force, as well as league of cities welfare task force, recommends programs be evaluated on the basis of well-defined performance standards that relate to program administration and participation development, not solely on the basis of positive placement.

Placement statistics are misleading in many cases, particularly in youth employment programs. Wage restrictions for supervisory personnel should be loosened to insure quality supervision. Separate funding arrangements should be made available for this program.

Finally, just a word on eligibility criteria, we believe it should be broadened to include not only the economically disadvantaged, but should also include some flexibility to permit jurisdictions to deal with individuals who are disadvantaged by virtue of physical or mental impairment, their status as offenders, or educational deficiency, or in fact their status as teenage parents.

The process for applying for participation in youth employment and training programs is far more complex and restrictive than the job application process. We believe that if it is part of our intent in operating youth employment programs to acquaint youngsters with the world of work, the application process for a training slot ought to be somewhat approximate to the procedure for securing a job. Funding allocations should, at a minimum, be consistent with eligibility criteria. If the target population includes individuals with incomes at or below 85 percent of the BLS lower living standard, then funding should be based on the incidence of this population in a given jurisdiction.

Mr. Chairman, I think you for the opportunity to testify on both of these issues before you today. I would like the submission of two documents here—my testimony indicates three, but in the great tradition of local government, we managed to find a number of typos in the third document, so I would like to forward that to you in the future. What I'm providing you with, however, are the two position papers of the task force; one, the position paper on welfare reform, the other on the youth task force; and I will submit to you a clear version of our comments on the draft on youth employment and education initiative.

I would be delighted to try and respond to any questions you might have.

Senator **Nelson**. Your statements will be printed in full in the record.

Are you recommending the administration's youth proposal? What is your general recommendation? You comment in your tesimony that you're replacing a program that hasn't been in place long enough, and then you have a number of criticisms, but—

Ms. **Bellamy**. Well, as I indicated, we are pleased that there are some provisions in the administration's proposal that are reflected in the task force position of the League of Cities. That includes at a basis the retention of the 85 percent BLS standard, the ability to move to some alternative educational institutions, and some eligibility flexibilty; but it is our general view that at this point in time we have a program that already exists, we ought to stay with that program and perhaps improve it; but everytime we are given a new program, by the time we debug it—and most programs need to be debugged—and we gear up, and we begin moving, we're given an entirely new program. We would like to work with what we have and to move forward on that basis.

Senator **Nelson**. Well, so that the record is clear, are you saying that you are opposed to the adoption of the administration's proposed new legislative initiative——

Ms. **Bellamy**. I think the testimony makes clear our concern that we attempt to improve upon the programs that we have available now.

Senator **Nelson**. Thank you very much. We appreciate your taking the time to come and testify.

Ms. **Bellamy**. Thank you.

[Statements supplied for the record follow:]

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TESTIMONY OF

THE HONORABLE CAROL BELLAMY

CITY COUNCIL PRESIDENT, NEW YORK, NEW YORK

on behalf of

THE NATIONAL LEAGUE OF CITIES

on

S. 1312

before

SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

March 6, 1980

[illegible]

Mr. Chairman, members of the Subcommittee, I am Carol Bellamy, President of the New York City Council and Chairman of the National League of Cities' Human Development Committee. I am pleased to be here today to testify on behalf of the National League of Cities and the 15,000 cities we represent on the welfare reform jobs proposal now pending before your Subcommittee.

First, I would like to say that while relatively few cities -- and New York is an exception -- have direct responsibility for the administration of income support programs, city officials recognize the impact that dependency has on the quality of life in our urban areas. Unemployment has been well-documented as one of the root causes of many other urban ills -- rising crime and delinquency rates, disintegration of families, deterioration of housing, poverty, outmigration from inner cities and inequality between races and sexes. Individuals who are employed not only enjoy the economic rewards of their job status, but respect within their families and the community and personal dignity as well. We firmly believe that job opportunities for all persons should be one of the highest priorities of the nation.

In June of last year, I chaired an NLC Task Force to review the Administration's welfare reform proposals -- both the cash assistance and the employment and training components. My testimony will be based on the analysis done by the city officials working together on this Task Force.

Before dealing with the specifics, I wish first to advise you of the major concern expressed by the Task Force members. As this Subcommittee knows well, Congress totally revamped and revised CETA in the last Congress. We city officials, as prime sponsors, are just now beginning full implementation of that revised program, which I shall call the new CETA, because it is after all an entirely new and completely restructured employment and training program. While many of the criticisms levelled against our local administration of this program may be valid, we believe it is unrealistic to expect a positive, measurable result when the rules of the game never remain constant long enough to develop a smoothly functioning employment system. Indeed we believe that our operation of the CETA system has demonstrated an ability to adjust with remarkable speed to new and changing circumstances and that we have accomplished the stated Congressional objective -- employing the unemployed.

What we see in the Administration's jobs proposal is yet another attempt to redirect and restructure a program that in its very short history has scarcely had a year of operation without some major alteration. The "new CETA" in our opinion already contains the elements appropriate to target employment and training opportunities to the most severely economically disadvantaged. Certainly, the new CETA's more restrictive eligibility criteria move substantially in the direction of providing the preponderance of employment and training funds to assist precisely the individuals most in need of this assistance.

However, the new CETA does not go so far -- and I think wisely -- as to exclude single individuals and childless couples from participation -- who may be equally economically disadvantaged as unemployed parents. Many of these single individuals and childless couples have no alternative support systems available to them since they are ineligible for AFDC and, in many cases, for SSI as well. The full burden of providing assistance to these needy individuals falls entirely on State and local governments participating in general assistance programs. In New York City, for example, we have over 100,000 recipients of home relief (GA) of whom we estimate approximately 30,000 are employable. Thirteen thousand of these individuals are currently employed in some form of public activity to meet state requirements that welfare recipients work for their benefits. The preponderance of these individuals are between the ages of 17 and 30 and included among them are substantial numbers of minorities, both black and hispanic.

The Administration's proposal to redirect more than half of the public service jobs available under CETA to families with children will significantly reduce any form of federal assistance available to economically disadvantaged single and childless individuals. Consequently they will be forced to rely more heavily on State and local aid. Since our major premise is that poverty is a national problem requiring national solutions, we believe that jobs programs -- both training and public service employment -- should be available to a broad mix of economically disadvantaged individuals. One segment of the nation's needy population should not be benefitted at the expense of another.

While we support coordination of employment-related programs, such as WIN, the Employment Service, and CETA, to reduce overlap and duplication and broaden the effectiveness of current expenditures, we believe such coordination cannot be accomplished by Federal mandate. Cooperation and coordination only work effectively where such arrangements are voluntary. The dominant State role provided for in the Administration's jobs program -- at the expense of existing local government planning and operational arrangements -- will not work as currently drafted and has the potential to undo the achievements thus far realized through local efforts. We recognize the validity of attempting to maximize the effectiveness of existing programs and recommend, that at a minimum, States be required to involve local elected officials substantially in the development of the State plan coordinating employment-related activities and that the local chief elected officials' approval of the plan be required prior to implementation. A prime sponsor's right to complain to the Secretary of Labor that it is unsatisfied with a given State plan is not sufficient to guarantee willing and effective local government participation.

Since the legislation proposed by the Administration appears -- at least from our perspective -- to permit the Employment Service to "cream" from among the pool of eligible individuals, I would like to raise a question concerning the time limits on participation in the Administration's proposal.

As we understand it, heads of households referred to the prime sponsor for employment under the Administration proposal may participate in public service jobs for 78 weeks. They are then required to go through another 8-week job search period and, if unsuccessful in locating unsubsidized employment, may be placed again in a subsidized job. This clearly creates a disparity of treatment between family members and all other CETA participants. Family members are permitted to participate in the program indefinitely; all other individuals are limited to 78 weeks of participation. Insufficient account is taken of the individual's capacity to develop appropriate job skills likely to result in securing unsubsidized permanent employment.

It has been our experience as prime sponsors that many CETA eligible individuals -- welfare recipients and non-recipients -- require a substantially longer participation period in training and jobs programs than is allowable. The assumption -- at least for those placed in public service employment -- that it is possible to move a significant number of individuals with little or no attachment to the work force from a training program and/or public service employment to self-sufficiency within 78 weeks -- and thereby remove them from the welfare rolls -- is, in our opinion, overly optimistic. We believe that training and jobs programs can and will be more effective ultimately if they can be tailored to the needs of individual participants. We cannot take an individual lacking basic skills, lacking any concept of the daily routine of work, and perhaps with numerous physical and other related problems as well, and achieve successful transition to unsubsidized employment within the permissible time frame. Efficient and rational accommodation of individuals with little attachment to the labor force cannot be achieved overnight. Performance standards should be keyed to achieving long-term employment rather than immediate placement.

Others, to be sure, require far less assistance to make the appropriate transition and should be encouraged and aided in moving through the system more rapidly. Perhaps there will always be malingerers and sloppy administrators, but I believe Congress should not lose sight of our vested interest in seeing these programs succeed. There is no better legacy that we can leave our constituents -- yours and mine -- than the permanent improvement in the quality of life, which can be realized when individuals become bona-fide self-sufficient members of the nation's work force.

Mr. Chairman, I am aware that you and others on this Committee are sympathetic to the difficulties we are encountering with the average wage provisions. I believe, however, that it is important to raise this issue at every opportunity. There are few, if any, positions in city government -- and far to few to meet the need in the private non-profit sector -- at the wage levels now permitted.

We understand the fiscal constraints facing the Federal Government and the reluctance to increase spending, particularly for what are commonly perceived to be unpopular social programs. Perhaps it would be appropriate for Congress to reconsider granting some flexibility in wages by permitting us to supplement these wages from local funds. Many localities would be willing to make a commitment of admittedly scarce local revenues where necessary to ensure the program's success. There are relatively few jobs at the local government level that cannot at some point be duplicated in the private sector. Consequently experience in a bona-fide city job should enhance the target population's mobility in the overall job market. Permitting more flexibility in supplementing wages will also enable us at the local level to coordinate other federally funded activities -- such as CDBG, UDAG, EDA -- into a comprehensive job creation effort with CETA.

Thank you, Mr. Chairman, and members of the Committee, for this opportunity to present our views. If you have any questions, I would be happy to respond.

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TESTIMONY OF

THE HONORABLE CAROL BELLAMY

CITY COUNCIL PRESIDENT, NEW YORK, NEW YORK

on behalf of

THE NATIONAL LEAGUE OF CITIES

on

YOUTH EMPLOYMENT LEGISLATION

before

SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

March 6, 1980

[illegible]

As it did in the area of welfare reform, the National League of Cities also convened a Task Force of city officials to examine the causes of the nation's unacceptable rates of unemployment among young people and to consider some possible solutions. The Task Force, chaired by Councilmember Jessie Rattley of Newport News, Virginia -- now President of the National League of Cities -- met last summer, and my testimony will in large part be based on the recommendations of NLC's Youth Task Force.

We are pleased to note that some of our recommendations have been incorporated into the Administration's proposed youth legislation. I must say, however, as we pointed out with respect to the revision of CETA, the Administration's youth employment proposal again raises the prospect of having to deal with significant revisions to a youth employment initiative which itself is only three years old. Again, I think it fair to presume that the first year of a program involves the development of regulations at the federal level. Next local governments must spend time learning, understanding and developing a rational program. Then programs are actually implemented.

In this regard it is also important to remember that portions of the existing initiatives, Youth Employment and Demonstration Projects Act (YEDPA), were clearly designed to approach youth employment from new and untested perspectives. There was every expectation that the results of these demonstrations would produce successes as well as failures. Consequently, we believe it is much too soon to draw accurate conclusions about the program's experience thus far, much less about its long-term implications.

The major recommendation of the NLC Youth Task Force was, therefore, that YEDPA be continued as is for at least another year. Continuity of existing programs and certainty of funding levels are the two most important ingredients in operating successful programs. If Congress could guarantee that, we would be satisfied.

In addition, the Youth Task Force identified five principal areas of concern not adequately addressed in current programs and developed recommendations to deal with each of these problems. We regard these issues as neither exclusive or exhaustive, but as some positive steps toward resolution of the problems of youth unemployment. The five areas are:

1. School to Work Transition

We, as city officials, do not believe that the educational system in this country is adequately preparing youngsters for their own future independence and self-sufficiency. Too many young people complete their schooling not at all ready for the world of work. Many lack the basic skills -- reading, writing and arithmetic -- essential for employability. Even those who have these basic skills have little idea of what jobs are available to them, how to obtain them or the longevity of various jobs available to the non-college bound.

The Task Force recommends that as a first step, the schools be held accountable for teaching youngsters to be proficient at least in the basic skills. We also recommend that where possible potential new educational resources be directed to developing curricula geared to employability. Emphasis on counseling must be expanded to include guidance and advice for those youngsters who are not college bound. Such counseling should also be available outside the schools as should access to remedial education, work orientation and training activities. Community colleges, community-based organizations, unions and the private sector should all be encouraged to participate in enhancing the employability of our young population. Job counselors must have direct contact with job training programs and whenever possible, with potential employers as well.

2. Private/Public Sector Participation

Since it is accepted that the preponderance of job opportunities are and will continue to be available in the private sector -- and that many of these jobs are provided by smaller firms (those employing fewer than 500 people) -- publicly funded employment and training programs must be geared more closely to the long-term needs of these employers. Job program information must also be better disseminated to these employers. Too few private sector employers are aware of existing tax incentives available to them if they hire economically disadvantaged youngsters.

Certainly, the existing CETA Title VII, the Private Sector Initiative, is a step in the right direction. The Task Force recommends that incentives -- such as the Targeted Jobs Tax Credit (TJTC) -- be continued and that proposals such as exemption from Social Security liability for a limited period of time at least be tested.

We need better long-term labor market analyses on which to base more appropriate training programs. And, we need better coordination of information as well as resources available to and from the federal government. For example, the Department of Commerce keeps current lists of private enterprises which are never shared with the Department of Labor. Perhaps these lists would be useful in promoting the TJTC.

3. Local Flexibility

I cannot overemphasize the need for local flexibility in designing employment and training programs relevant to local requirements and problems. What works in one community is not necessarily a prescription for curing another community's ills. We are interested in how other communities solve their problems, but we do not believe that effective programs can be designed in Washington and work in communities of varying size with differing unemployment rates and other assorted problems. We local elected officials are the ones most intimately acquainted with our communities and their problems; we are more directly responsible for the future viability of our communities.

Our Task Force suggested that one approach might be a system of rewards and incentives in which prime sponsors who demonstrate effectiveness in administering, targeting and monitoring successful youth programs are granted greater program flexibility. We also need provisions permitting innovation at the local level, and encouraging local governments to coordinate employment and training programs with other federally funded initiatives.

4. Program Administration

Local governments continually battle problems of inconsistency and instability in program planning, development and implementation. Funding projections and final allocations are frequently widely disparate. Federal and local budget cycles rarely coincide. Legislative mandates for forward funding included in authorizing legislation are infrequently adopted in appropriations measures.

The Task Force recommends multiple year funding for youth programs to improve coordination in the delivery of services and rational program development. We also recommend consolidation and coordination of programs operated by different federal agencies so that local governments have an opportunity to maximize federal resources at the local level without impossible administrative hurdles. The Youth Task Force, as did the Welfare Reform Task Force, recommends programs be evaluated on the basis of well-defined performance standards that relate to program administration and participant development, no solely on the basis of positive placements. Placement statistics can be misleading, particularly in youth employment programs.

Wage restrictions for supervisory personnel should be loosened to ensure quality supervision. Separate funding arrangements should be made available for this program.

Eligibility Criteria

Eligibility criteria for participation in youth programs must be broadened to include not only the economically disadvantaged but should also include some flexibility to permit jurisdiction to deal with individuals who are disadvantaged by virtue of physical or mental impairment, their status as offenders, educational deficiency or their status as teenage parents.

The process for applying for participation in youth employment and training programs is far more complex and restrictive than the job application process. We believe that if it is part of our intent, in operating youth employment programs, to acquaint youngsters with the world of work, the application process for a training slot ought to be somewhat approximate to the procedure for securing a job.

Funding allocations should, at a minimum, be consistent with eligibility criteria. If the target population includes individuals with incomes at or below 85 percent of the BLS lower living standards, funding should be based on the incidence of this population in a given jurisdiction.

Thank you, Mr. Chairman, for the opportunity to testify on both welfare reform and youth employment legislation. I would like to submit several documents for the record on each, if I may: the Youth Task Force Report, the Welfare Reform Task Force Report and the League of Cities' response to the Administration's draft youth employment and education initiative. I would be happy to respond to any questions you may have.

NLC YOUTH TASK FORCE REPORT

BACKGROUND

During the Congressional City Conference last March, a special meeting was held among White House officials, staff of the President's Task Force on Youth Employment, DOL officials and a small group of NLC's membership. The meeting provided an opportunity for the newly established Vice Presidential Task Force to explain its plan to review and assess federal employment programs targeted to youth and to solicit NLC's support and involvement in this endeavor.

Upon the recommendations of one of NLC's members present at the meeting, an NLC Youth Task Force was subsequently established to provide greater NLC focus on the problems of youth unemployment. Task Force members were selected during the early summer and Co-chairs were appointed by the President of NLC. The Task Force held its first meeting August 22 and 23, 1979, at NLC headquarters in Washington, D.C.

The Task Force reviewed research on past and current youth programs and the legislative proposals introduced in Congress. Contributions were made by DOL officials, Congressional staffers, the National Commission on Employment Policy, staff members of the Vice President's Task Force and senior White House staff persons. They served to enhance our members' individual knowledge and experience in the area of youth employment.

The Task Force acknowledges that the magnitude and intricacy of the youth employment problem requires much more time and careful examination than it has been able to devote to date. It has, however, been able to formulate the following comments and specific recommendations for which it would like support.

PROBLEM

The problem of youth unemployment in the United States is large and complex. Despite the resources devoted to this problem over the past two decades, it has gotten worse. Right now, about 16 percent of all youths between 16 and 25 are without work. However, the problem of youth unemployment is particularly acute in urban cities and among minority youths. Black young people have experienced unemployment rates in excess of 20 percent each year over the last twenty-five years and is currently above 35 percent. More than 60 percent of all unemployed black youths reside in central cities. Similarly, Hispanic youth have experienced high unemployment.

The causes of youth unemployment are not fully understood. Experience with youth employment programs have shown however, that young people want to work and will actively pursue any possible employment opportunities. The growth in the youth labor force, discriminatory employment practices, a scarcity of entry level jobs and the educational and vocational skill deficiencies of youth are all key factors, as is the more general national unemployment problem.

Likewise, the cost of high youth unemployment has many components. There is a close relationship between high rates of joblessness, rising crime rates and drug and alcohol abuse. There is a pervasive and far-reaching impact of joblessness on families and communities

Over the next several months, the Congress and the Administration will be introducing legislation for a youth employment policy for the 1980's. It is critical that local elected officials make their opinions and recommendations known now to those who will be making that policy. It is in this context that the NLC Task Force makes the following recommendations.

I. The Transition from School to Work

Young people do not bring into the job market the skills that are required of them. Many of our basic institutions, including our schools, are not meeting their needs. Even young people who graduate lack specific job skills and an understanding of the world-of-work.

The Task Force recommends that:

- Schools be held accountable for preparing youth with basic skills--i.e. reading, writing, and math--which will, at a minimum, enable high school graduates to compete for entry-level jobs in the private sector.
- Schools develop curricula particularly geared to employability.
- Greater federal resources for education and counseling be targeted to non-college bound high school students and be available in both in-school and out-of-school programs.
- Attention be given to providing for education, counseling, work orientation and training outside of schools for youth who have left the education system. Program contracts with community colleges, community-based organizations, unions and the private sector should be considered.

- Counseling services place more emphasis on employability development and job placement activities. Counselors should have direct contact with job training programs and, whenever possible, with potential employers as well.

II. More Effective Private Sector/Public Sector Participation

More job opportunities will be available in the private sector in the immediate future, particularly with smaller employers--those employing fewer than 500 people. New steps must be taken to reach these employers. Public sector employment and training activities must be responsive to private-sector needs. Efforts must continue as well in the public-sector because there are private-sector layoffs and some evidence of private-sector resistance to youth employment. The jobs developed in the public sector must be in those areas which provide real training, have some future and make a contribution to our communities.

The Task Force recommends that:

- There be a regular process for analyzing areas of expanding job opportunity in both the private and public sectors with incentives provided to the development of training programs in those areas.
- The private sector be given a more active role to play in the development and operation of youth employment and training programs.
- Incentives to private sector employers to hire youth be continued, emphasizing those programs that have proved effective and that have clearly identifiable standards of performance.
- Private employers, particularly small businesses, be given more information on the resources available to them under employment and training programs for disadvantaged youth and how they can be applied for. Strategies be developed that minimize the paperwork burden to employers who choose to avail themselves of these programs.
- Incentives be provided to development of public-sector programs that meet other existing community needs.

III. Local Flexibility

The Task Force feels strongly that local communities should be able to determine the type of programs needed to address their problems with youth unemployment and be able to implement programs based on these locally-determined considerations. What works well in one community under one set of circumstances may not be as effective in another. The government must be responsive to particular local problems and proposals.

The Task Force recommends that:

- Additional rewards and incentives above the basic allocation be provided and/or greater flexibility to municipalities that demonstrate effectiveness in administering, targeting and monitoring successful youth programs. There should be some provision for local innovation.
- Local governments be provided greater flexibility in linking resources for program effectiveness. Coordination of job programs with local community economic development activities or with other federal programs should be encouraged.
- Local governments be able to determine the kind of work experience or service coordination that would most benefit the youth within their jurisdiction.

IV. Program Administration

Local governments are faced with the problems of inconsistency and instability in program planning, development and implementation. Funding projections and final allocations are inconsistent. Federal, state and local funding and budget cycles differ. Programs are of only limited duration and there is a lack of uniformity of applications and regulations.

The Task Force recommends that:

- More effort be made to consolidate youth programs under one Title authority with common federal eligibility requirements, provided that such requirements allow for some local program flexibility.
- Whenever possible, restrictive regulations be relaxed and consolidated to enhance the opportunity for localities to determine the appropriate mix of participants and required levels of service.
- Funding for youth programs be on a multiple-year basis in order to improve conditions for coordination in delivery of services.
- Greater information be given to localities by the federal government on successful approaches to providing employment and training services to youth.
- Programs operated by different federal agencies be sufficiently consolidated and coordinated so that imaginative links can be made between programs without impossible administrative hurdles.

- Programs be evaluated on the basis of well-defined performance standards that relate to program administration and participant development as well as on the basis of numbers served or placed.

- Wage restrictions for supervisory personnel be loosened to ensure quality supervision. Separate funding arrangements should be made available for this purpose.

V. Youth Eligibility

A youth policy for the 1980's must address the needs of a broader youth population. Those who are most disadvantaged by virtue of disability, offender status or educational deficiency should be included. Different program designs relative to level of need and level of job skill should be encouraged. Application and eligibility processes that are so cumbersome as to frustrate young people and "turn them off" to the system need simplification.

The Task Force recommends that:

- Program applications be accepted that target some slots to juvenile offenders, teenage parents, the disabled and those most educationally deficient,as well as to those disadvantaged by economic status.

- Provisions be made for meeting different levels of educational and training needs responsive to the problems of different youth and the requirements of different job markets.

- New programs eliminate unnecessary and artificial barriers to enrollment. The eligibility and application process should not be more difficult than similar processes in the real world of work.

GENERAL COMMENTS

The Task Force has several overall concerns it wishes to express to the Vice President's Task Force in addition to its more specific recommendations.

The first concern deals with the demonstration programs and knowledge development process under the Youth Employment Demonstration Projects Act (YEDPA). The Task Force is supportive of the idea that a variety of projects were undertaken in order to broaden our knowledge of which are successful and under what conditions. However, it questions whether there will be sufficient time to collect and analyze the data before new legislation is passed in the Congress next year.

The Task Force relates this to some of the problems that have been experienced with the CETA program historically. Before these programs had a chance to establish themselves, changes or new requirements were imposed on program operators which resulted in disruption and confusion. To prevent this from happening with the youth programs, the Task Force feels it is better to extend YEDPA for another year, so that a thorough examination of the experiences with the programs can be conducted prior to establishing any new policies.

Second, the Task Force urges that the problem of youth unemployment be considered in the context of the broader problem of general unemployment for which NLC is also developing recommendations. Consideration must be given in all development of employment policy to the competition for jobs between young people, adults, the elderly, new refugees and undocumented workers.

Finally, although the Task Force has not developed specific statements on the purposes of youth employment and training programs or a precise definition of terms such as "meaningful work," our members had considerable discussion on these issues. We agreed that there is need in future planning and programming for youth to formulate positions on who we are trying to serve and why; what the expected outcomes of programs are; and how they should be evaluated.

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NATIONAL LEAGUE OF CITIES
COMMENTS ON
PROPOSED YOUTH LEGISLATION

The following comments represent the major concerns of the National League of Cities(NLC) with regard to the Department of Labor's draft bill for new youth legislation dated February 21, 1980. These comments are based on a very quick and cursory reading of the draft. More detailed comments will be submitted at a later date.

In general, NLC is concerned with how the draft bill addresses five major areas: (1) the role of the local education agencies (LEA) in CETA youth operations; (2) the degree of local flexibility provided CETA prime sponsors in the design of youth programs and delivery of services; (3) the structure and function of the youth opportunity councils; (4) the conditions of youth participation; and (5) the allocation of funds proposed by the draft bill.

In addition, NLC would like to recommend that the legislative proposal speak to additional issues not directly addressed by the draft. These additional issues are related to: (1) youth participation in private sector employment; (2) capacity-building for prime sponsor staff; (3) conditions for receipt of matching incentive grants; and (4) youth maintenance of service requirements under CETA Title II.

TITLE I - YOUTH EMPLOYMENT AND TRAINING PROGRAMS

1. Role of the LEA - NLC feels that CETA prime sponsors and LEAs should be on equal grounds in negotiating arrangements for serving in-school youth. The draft bill seems inadequate in this regard, making CETA prime sponsors subservient to LEA's.
   - Sec. 412(a) (2) - The wrods "shall" should be changed to "may" throughout this paragraph. Prime sponsors should not be required to use their basic grants for in-school programs. This brings in to question the purposes of the youth funds allocated directly to ✓

schools under Title II of the draft bill for in-school youth and also seems to contradict the purposes of the Educational Incentive grants. If primes want to fund in-school programs with their basic grants, this should be their option, not a legislative requirement.

- Sec. 412(e) - This paragraph is much to restrictive to prime sponsors and allows LEA's to dictate to primes how they are to use their basic grants. The words "shall" should be changed to "should" or "may" and the reference to agreements with the LEA should be eliminated. If primes are to cooperate with LEA's in serving in-school youth, primes should be able to negotiate these arrangements on an equal footing with the LEA. This paragraph is, in effect, a requirement for primes to create LEA agreements in their basic programs. This seems to completely unacceptable and contradicts the purpose of the Educational Incentive grants.

- [illegible] Sec. 414(4) - This paragraph is another attempt to make prime sponsors subservient to LEA's. Under this provision, all primes would be legislatively required to fund basic education programs through the LEA. If prime's determine that out-of-school youth need basic education, then the prime should not be restricted in selecting the appropriate delivery agent. The words "shall" should be changed to "may" or "should." Language contained in Sec. 414(6) is sufficient to insure cooperation between LEA's and primes without the overly-restrictive stipulations of Sec. 414(4).

2. Local Flexibility

Sec. 405 (c) (2) and (5) specifically states that the purposes of the Title I draft bill are that youth should be provided services based on their individually-assessed needs and that the decisions for designing programs and delivering the appropriate mix of services to youth should be locally-based. NLC feels that the draft bill is especially disappointing in providing prime sponsors with the flexibility they must have to achieve these stated goals. The draft bill is loden with provisions that strip prime sponsors of local flexibility and decision-making authority in providing appropriate services to youth.

- Sec. 402(a) (4) requires the Secretary to create regulations that dictate the programs and target groups primes must establish, irrespective of local considerations. Prime sponsors, in conjunction with their youth councils, should have the flexibility to determine locally-based target groups. This paragraph should be limited to a mandate for prime to serve.those youth most in need of service, but must not dictate specific target groups. This also contradicts the purpose of the special purpose incentive grants. If the federal government feels that special groups of youth need to be served, then DOL should accomplish this objective through incentive grants and not by dictating to local primes what groups of youth they shall serve.

- Sec. 412 (a) (4). The words "shall" should be changed to "may" or "should." The legislation should not require that prime sponsors create specific programs in providing a particular type of service to youth. Primes should have the flexibiltiy to design their own program activities.

- Sec. 412 (d) (3). This paragraph is too restrictive and may effectively preclude the utilization of post secondary schools. Post-secondary degree programs often include a wide variety of course material Prohibiting the utlization of programs simply because they may include courses that are also included in degree programs is too restrictive. More over, there very well may be associate degree programs (i.e., 2-year degree programs) that are occupationally-oriented and, therefore, most appropriate for some economically-disadvantaged youth. Primes should not meet the individual needs of youth. Prime sponsors can not accomplish this objective if youth are restricted in their participation. Primes must be free to schedule service activities for individula youth in order to insure that the youth accomplish their bench marks performance goals as determined by community-based standards. Establishing across-the-board participation limits is ill-advised and contradicts the stated purpose of the legislative proposal and places prime sponsors in a completely untenable position vis-a-vis their legislative responsibilities for service to youth.

3. Youth Advisory Councils

Local elected officials have the ultimate responsibility for the operation of CETA programs and the expenditure of CETA funds. The youth council is to advise the prime in executing these responsibilities. Therefore, it is imperative that the Prime Sponsor have final appointing authority for all members of CETA advisory councils.

- Sec. 417 (b) (2) should be changed to make it clear that LEA's and PIC's may recommend appointments to the prime for the YOC, but that the prime has final appointing authority

- Language should be included to mandate that state-administered primes create regional advisory planning bodies, consistent with other sections of CETA.

- Language should be included to insure that units of general local government are provided an opportunity to serve on YOC's

4. Conditions of Youth Participation

The draft proposal should not include language that is over-restrictive or inflexible in terms of youth participation in CETA programs or that creates

- Sec. 402 (a) (3). This paragraph should be eliminated completely. There should be no unemployment criteria for youth eligibility. Statistics suggest that patterns of youth unemployment tend to be characterized by frequent periods of short-term unemployment and that many job-less youth tend to be new entrants into the labor market. Inclusion of unemployment eligibility requirements is too restrictive and reflects an insensitivity to youth unemployment.

- Sec. 441. The requirement that youth under age 18 can not receive allowances for classroom training should be eliminated completely. If the extent intent of the draft bill is to prevent the payment of allowances to youth for doing something that they should be doing anyway (i.e., going to school), then the language of the draft bill should associate allowance payments classroom training to state age requirements for school attendance, rather than an across-the-board age requirement for all states.

5. Allocations

It would seem that priority for allocations should be to subpart 1, basic programs, since these funds are directed to prime sponsors for addressing local youth enemployment problems. It is also imperative that funds be directed to those areas most in need.

- Sec. 411 (a) (1). The language should be clarified with respect to the 5% Governors' grants. It is not clear whether the 5% is 5% of the 68% or 5% of the total Part A allocation. The bill should insure that local prime sponsors are assured the greatest portion of Part A funds.

- Sec. 411 (c) (1). Allocations should be based on the proportion of youth unemployed in an area. There may be no relation to an area's total unemployment and the area's youth unemployment.

6. Other Areas of Concern

a. There should be specific language in the draft bill that eliminates the maintainence of service requirements under CETA-Title II programs.

b. There should be provisions which allow the placement of youth in private sector work experience sites with 100% CETA-funded wages or allowances. Duration of placement should be associated with the community-based bench works. This provision would allow a widen occupational choice for CETA-funded work sites and would insure that youth receive training in occupations that are relevant to the local labor market. ✓✓

c. Language should be included in Sec. 422 (a) to insure that the local match for special purpose incentive grants is no more than 50%.

d. Language should be included in Sec. 423 (b) to insure that the local match for Educational Cooperation Incentive grants is 50-50 between primes and LEAS.

e. Sec. 434 should include specific language to insure that discretionary funds are utilized for capacity-building at the prime sponsor level. Those funds could be used to insure that local program operators have the financial resources to develop the professional quality of youth counselors and supervisors as well as those planning and administering youth programs.

TITLE II - FINANCIAL ASSISTANCE TO MEET THE BASIC AND EMPLOYMENT SKILLS NEEDS OF SECONDARY SCHOOL YOUTH

There is a stark contrast between howTitle I treats prime sponsors and how Title II treats LEAs under the draft bill. Title I contains page after page of restrictions on prime sponsor flexibility in program planning and implementation and mandates linkage with LEAs. On the other hand, Title II allows broad discretion for LEAs in programming and contains no binding mandates to coordinate with CETA prime sponsors. Rather, Title II contains page after page of provisions entitling youth funds to States and LEAs.

NLC has identified several major areas of concern therefore in Title II:

1. There are no adequate controls for insuring the accountability of LEAs usage of youth funds.

- Sec.207(a) - Programs are selected for funding on the basis of "locally developed criteria."
- Sec.207(b) - Once programs are selected for funding, assistance is awarded for 3 consecutive years, subject only to LEA approval. It is unlikely that an LEA would make a decision to take funds out of the LEA jurisdiction.
- Sec.207(d) - provides for totally inadequate program accountability. In effect, LEAs are allowed to monitor themselves. Sec. 207(d)(1)(B) even allows LEAs the discretion of funding programs that have clearly failed to meet their goals.
- Sec.207(e) - provides only for one annual report, which includes only information that is reasonably necessary. LEA's must provide sufficient information to ensure performance evaluation.

2. There are totally inadequate mandates for LEAs to link with CETA prime sponsors.

- Sec.263(a) Should stipulate unequivocally that no LEA will be funded unless the LEA has made specific and good-faith efforts to establish linkages with local CETA prime sponsors.
- Sec207(a)should include a requirement that LEA plans be reviewed by the local CETA prime sponsor and that the prime's comments be considered in approval of LEA programs.
- Sec.206(e) Should include a specific requirement for youth participation on school site councils.
- Language should be included which will allow prime sponsor CETA youth councils to form a joint youth advisory council with LEAs, but both primes and LEAs should have the option to establish separate councils if they so choose.

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POSITION PAPER ON WELFARE REFORM

NLC Welfare Reform Task Force

OVERVIEW

The National League of Cities Welfare Reform Task Force strongly supports welfare reform measures designed to erase inequities among welfare recipients, as well as among local governments which share, directly and indirectly, in the costs of funding and administering our current welfare system. The Task Force believes that poverty should be recognized as a national and not a local problem, and that its alleviation must increasingly be assumed as a national and not a local responsibility. The Task Force also favors efforts to integrate cash assistance programs with employment and training programs more effectively.

The Task Force commends the Administration for its continuing efforts, begun in the last Congress, to reform the welfare system; and commends the Congress for its prompt consideration of the proposals advanced by the Administration and by its own Members. The Task Force urges the Congress to complete action on these measures as soon as practicable.

CASH ASSISTANCE

The Task Force supports several of the Administration's proposals dealing with cash assistance programs which are consistent with National League of Cities policy calling for reducing inequities among welfare recipients. These

[illegible]

include: (1) establishment of a national minimum income floor, national uniform eligibility criteria, and mandatory coverage of two-parent families under AFDC-U; (2) cashing out of food stamps for most SSI recipients, to be replaced by a cash equivalent for food stamp benefits; and (3) federalization of the Emergency Assistance Program. Taken together, these provisions move toward a comprehensive cash assistance program which should be supported by the Congress.

While the Task Force supports several of the Administration's stated goals for providing fiscal relief to state and local governments, as well as employment and training opportunities to welfare recipients, it has reservations about many of the specific provisions included in these components of the Administration's bills. These reservations follow.

FISCAL RELIEF

On its face, the Administration's proposals to increase the Federal matching share of AFDC costs in each state by 10 percent of the current percentage share paid by that State, and to increase the Federal match of AFDC-U costs by 30 percent of the current State share, would appear consistent with the Task Force's objective to reduce inequities among local governments sharing in the cost of welfare programs, and to increase the Federal Government's responsibility for these costs.

Allocation Formula

However, the Task Force finds the Administration's proposal deficient in its continued reliance on the current formula by which the basic Federal-State match is determined. The current formula's across-the-board reliance on per capita income, as a measure of a state's fiscal capacity, fundamentally discriminates against the many States in which tax capacity would provide a more realistic measure of fiscal capacity. Furthermore, the Task Force is concerned with the Administration's limited mandatory pass-through of fiscal relief by the States to localities sharing in the cost of AFDC and AFDC-U. We support the provisions in the Javits/Rangel bill permitting States to opt for either a per-capita income or tax capacity formula in determining the Federal-State match, and mandating that States pass-through 100 percent of their fiscal relief benefits to localities.

Hold Harmless

The Task Force is also concerned with the possibility that local caseload increases resulting from some of the Administration's proposed reforms will not be adequately covered by the Administration's "hold-harmless" provisions. Since the Administration proposes that the 1979 base AFDC expenditures, against which each State will be held-harmless, will be adjusted upward according to the Consumer Price Index -- a factor which has nothing to do with caseload increases -- it appears that a State experiencing a 15 percent caseload increase, for instance, during a time in which the CPI rises by 20 percent, might well receive no hold-harmless relief at all. The Task Force recommends that the Administration re-fashion its proposed hold-harmless mechanism to guarantee compensation for actual caseload increases.

Administrative Costs

The Task Force is also concerned with how increased local administrative costs resulting from the Administration's proposals will be dealt with. The Task Force finds the Administration's proposal to negotiate administrative cost reimbursement with each State uncomfortably vague, and recommends that the administrative cost-sharing arrangements be specified in the legislation.

Monthly Reporting/Retrospective Budgeting

The Task Force questions particularly one provision that is most likely to increase local administrative costs -- the monthly reporting requirement. This requirement (as well as the proposed retrospective budgeting requirement it would facilitate) is potentially burdensome to welfare recipients as well as to local governments, while its potential benefits are not entirely clear. The Task Force understands that monthly reporting and retrospective budgeting are now being tried in a few localities. We recommend that they not be mandated nationwide until the results of their implementation in these localities have been fully analyzed.

GENERAL ASSISTANCE

Related to the question of fiscal relief is the problem of providing assistance to needy single individuals and childless couples who do not qualify for AFDC, AFDC-U, or SSI. The cost of providing assistance to these individuals -- currently through a series of programs commonly referred to as General Assistance -- exceeded $1 billion nationwide in 1977. This cost is borne entirely by States and localities. The Task Force recommends that the Congress require the Secretary of HEW, working in conjunction with States and localities, to study General Assistance programs, and to report back within a year of the bill's enactment with recommendations as to how the Federal Government might share in these costs.

UNANTICIPATED INCREASES IN THE COST OF LIVING

The Task Force also recommends that the Congress and the Administration explore the ability of the welfare system to respond to sudden, significant, and permanent increases in the cost of living. For instance, the cost of heating oil is expected to rise dramatically this year, and in all likelihood to continue to do so in the years ahead. It is unlikely that the Emergency Assistance Program and the CSA Program, which are designed to assist the poor in the payment of extraordinary fuel bills on an essentially one-shot basis, will be capable of addressing this problem. It is also unlikely that many States and localities have the resources to raise welfare benefit levels to reflect energy-related increases in these unavoidable monthly expenses. The rising cost of energy in this country is just one important example of a national problem to which the Federal welfare system should be able to respond, without further burdening State and local governments.

WELFARE BLOCK GRANT

Finally, the Task Force would like to register its opposition to the block grant welfare reform bill proposed by Congressman Rousselot. Not only does this proposal fail to address many facets of the current welfare system which are in need of reform, it also envisions the ultimate cut-off of all Federal assistance to the nation's needy, which is directly contrary to NLC's policy goal of ever-increasing federalization of the welfare system.

JOBS

The Task Force has already noted its support of the Administration's goal of better integrating cash assistance programs with employment and training programs. However, the Task Force questions some of the assumptions on which the Administration's proposal to achieve this integration are based. As local elected officials, our own experience with CETA during the past six years convinces us that some of the Administration's proposals are unrealistic and fail to address demonstrated difficulties in the successful implementation of publicly-assisted jobs and training programs.

TIME LIMITS ON PARTICIPATION

The Task Force members have found in their own communities that welfare recipients -- the target population of the Administration's jobs proposal -- require a substantially longer participation period in training and job programs than the Administration proposal permits. The assumption that it is possible to move a significant number of individuals with little or no attachment to the labor force from a training program and/or public service employment to self-sufficiency within 78 weeks -- and thereby remove them from the welfare rolls -- is, in the opinion of the Task Force, overly optimistic.

WAGES

The Task Force questions the adequacy of the average wage of $7200. There are few, if any, jobs in city government at this wage level in much of the Nation. And it is widely recognized that there are inadequate numbers of jobs in the private, non-profit sector at this wage level to meet the need.

TARGETING

The Task Force has already noted that currently the full burden of providing assistance to needy, non-SSI eligible single individuals and childless couples falls on the States and localities participating in General Assistance programs. Under existing law, however, this population is at least eligible for federally-assisted CETA public service jobs. The Administration's proposal to re-direct more than half of these jobs to families with children will significantly reduce any form of federal assistance available to these individuals, and force them to rely more heavily on State and local aid. The Task Force believes that the jobs program -- both training and public service employment -- should be available to a broad mix of economically disadvantaged individuals. One segment of the nation's needy population should not be benefitted at the expense of another. The Task Force also urges that prime sponsors be permitted greater flexibility to use CETA public service jobs funds for training they determine to be appropriate within their jurisdictions.

EVALUATION/PERFORMANCE STANDARDS

The Task Force recommends that the Administration adopt a realistic approach to evaluating the success of a jobs program which requires the training and placement of individuals with little attachment to the labor force. Efficient and rational accomodation of such a population cannot be achieved overnight. Performance standards should be keyed to achieving long-term employment, rather than immediate placement.

STATE ROLE

While we support coordination among employment-related programs, such as WIN, the Employment Service and CETA, to reduce overlap and duplication and broaden the effectiveness of current expenditures, we believe this cannot be accomplished by Federal mandate. Cooperation and coordination work effectively where such arrangements are voluntary. The dominant State role provided for in the jobs program -- at the expense of existing local government planning and operational arrangements -- will not work as currently drafted and has the potential for destroying the positive accomplishments of any one of these programs. We recognize, however, the validity of attempting to maximize the effectiveness of existing programs. To this end, the Task Force recommends that, at a minimum, local elected officials be required to be substantially involved in the development of the State plan coordinating employment-related activities and that chief elected official approval of the plan be required prior to implementation. We also recommend that the Administration give consideration to providing appropriate incentives to foster cooperation and coordination.

HEALTH BENEFITS

The Task Force wishes to emphasize the importance of Medicaid as one of the most significant benefits available to AFDC recipients. We believe that Medicaid coverage for all AFDC and AFDC-U recipients should be mandatory. Since individuals required to work under the Administration's proposal will no longer be eligible for medicaid benefits once they are employed, the Task Force believes they should be permitted to refuse employment opportunities in either the private of public sector if these jobs do not provide adequate health care coverage.

EARNED INCOME TAX CREDIT

The Task Force also fears that the Administration's proposal to alter the Earned Income Tax Credit may be counter-productive. First, the Task Force opposes the denial of the credit to individuals provided with public service jobs. If the goal is to encourage families who now rely on income support programs to become self-sufficient, it is not justifiable to penalize individuals for whom no jobs are available in the private or unsubsidized public sector. Second, the Task Force sees no rationale for counting income resulting from the EITC in determining welfare eligibility. The EITC should serve as an incentive to all eligible families to secure and retain employment.

Senator NELSON. Our final witness this morning is Mr. Robert McGlotten, associate director, legislative department, AFL-CIO.

STATEMENT OF ROBERT McGLOTTEN, ASSOCIATE DIRECTOR, LEGISLATIVE DEPARTMENT, AFL-CIO

Mr. McGLOTTEN. Mr. Chairman, I have two very short statements; one which will address itself to the President's proposal on youth initiatives; the other on the welfare jobs proposal.

I would hope that while the record is open, we would be able to submit a more extensive statement addressing itself to some of the other bills that you are concerned about.

Senator NELSON. Would it be possible to have a statement in by the 14th?

Mr. McGLOTTEN. Fine, Mr. Chairman, that's enough time for us. We can have it in by the first of next week.

Senator NELSON. All right. Well, if it's in by next Friday, that's fine.

Mr. McGLOTTEN. Thank you, Mr. Chairman.

The AFL-CIO welcomes this opportunity to appear before this committee. We welcome and support the concept embodied in the administration's new initiative on youth education, employment and training. It is a significant step in the right direction in providing both skills and jobs for young people who are often unemployed because of the lack of education and training.

The program draws on the experience gained by the Youth Employment and Demonstration Projects Act of 1977, which the AFL-CIO supported. It also reflects our long-time concern that education and training must involve close collaboration between the education, community, Government, labor, and business.

We are pleased to note that the administration's proposed Youth Act of 1980 retains from the YEDPA law section 442 relating to wages, and section 443 with its prohibitions against displacement of currently employed workers and against substitution for work that would otherwise be performed and with its requirements for notification and consultation with appropriate labor organizations.

We have considerable concern that expectations for the new youth initiative may result in diminished current CETA and YEDPA youth jobs and training programs, because of the current misguided budget-cutting climate. We note that the administration's youth initiative proposal calls for only $50 million in planning money for fiscal 1981 and that the program would not go into effect until fiscal 1982.

We strongly urge that CETA and YEDPA youth jobs and training programs be maintained at least at current levels in fiscal 1980 and fiscal 1981 and until such time as the new youth initiative is fully funded and can be picked up by all the YEDPA slots.

The AFL-CIO believes this, the new administration's youth initiatives will improve education, training, and employment opportunities for disadvantaged youth. The assistance provided for both vocational and basic education will assure students not planning to attend college the same resources and preparation at the secondary level as college-bound students.

We call upon Congress to make certain that vocational and basic education facilities and services will be made available for those most in need in the intercities and rural areas. Youth employment will be diminished only when those minority young people most affected have access to educational opportunities that provide increased emphasis on academic skills combined with the program of broad technical skill training.

We urge more realistic guidance counseling on vocational opportunities in the middle school years to give students the time to consider entry into previous nontraditional work areas for both men and women. Improved standards for performance for vocational education schools and training can be best realized through support for teacher training, upgrading, and modern equipment. Vocational education can offer young people a practical and realistic insight into the world of work. It should not mean that vocational education students are encouraged to leave school at an early age for low skill, low paying jobs. Work experience can teach vocational students much about labor and collective bargaining, and should not be an excuse to pay subminimum wages or undermine established working conditions.

The AFL-CIO and its affiliates are pledged to work with teachers and business and industry to effectively assist in the education and training of young people, many of whom are the children of our members.

Accordingly, we hope to continue to work with the administration and the Congress in developing the authorizing legislation in assuring sufficient appropriations so that this important new program combined with enhanced vocational and basic education will be effective in reducing youth unemployment, and providing the Nation with a more qualified work force for generations to come.

Mr. Chairman, I will address myself now to S. 1312, the welfare jobs proposal.

In connection with the Senate bill S. 1312, the administration's Work and Training Opportunities Act, the jobs part of the administration's welfare reform package, we wish to express some of the concerns of the AFL-CIO.

The welfare reform jobs program is appropriately proposed as an amendment to the Comprehensive Employment and Training Act. While we have a number of issues to raise, we think it is appropriate that this program would be included in the CETA law as a new part E of title II, and put under the direction of the Secretary of Labor.

Welfare reform jobs must be tied in with other employment and training activities of prime sponsors to assure effective and realistic action.

However, it is obvious to us that there is a reshuffling of CETA jobs involved in the welfare reform jobs proposal since 62.5 percent of title II(d) funds will be earmarked for welfare reform jobs. We seriously question a proposal which is going to provide few if any net new jobs. In the present climate of misguided budget cutting, it seems likely that the total CETA jobs may well end up at a lower level at a time when they should be increasing because of higher recession induced unemployment. We also are concerned about CETA wage requirements, the 18-month limitation on CETA employment, the undermining of wage and labor standards, and job protections for regular employees. The CETA legislation enacted last year is inconscionable in its treatment of CETA workers. It mandates that an average CETA wage nationwide to be no more than $7,200 per year. Areas with wages above the national average can pay more, but those with wages below the national average must pay less. Over one-third of the areas in the Nation must pay CETA wages averaging as low as $6,635 per year, only 10 percent above the Federal Fair Labor Standards Act minimum wage. Only a few areas in the Nation can pay average CETA wages above $9,000 per year.

For example, the legally required CETA wage in many jurisdictions is $2,000 more or less than the bargaining wage rate. The hiring of any CETA employee by these jurisdictions would in effect destroy standards that have taken years to build. The problem is nationwide, Mr. Chairman.

This means that some public employers will attempt to establish new subminimum entry level jobs, such as assistant laborer. Some employers may attempt to reclassify CETA employees to take them out from the protection of the collective bargaining agreement. The other severe problem is that the new law limits CETA employment to 18 months for those hired after October 1, 1978.

CETA employees hired before that time are permitted to work 1 additional year until September 30, 1979. This serves only to recycle unemployment rather than to create jobs. The Secretary of Labor, however, does have the discretion to grant waivers for those employees scheduled to be terminated. Such waivers may be granted if the employer can demonstrate that it faces unusually severe hardships in moving CETA workers to regular employment or to private industry payrolls.

At its convention in December of 1979, the AFL-CIO called for amending CETA, to delegate the provision requiring a national average CETA wage of $7,200 a year. The AFL-CIO also called for elimination of the 18-month limitations on CETA employment.

We also oppose all attempts to use the average wage requirement to undermine prevailing wages and benefits. We want prime sponsors to be required to initiate positive programs to transition CETA employees to unsubsidized public and private employment at prevailing rates of pay and working conditions, with safeguards to maintain current levels of public service.

Furthermore, we are urging the Labor Department to safeguard the job rights of all workers who may be adversely affected in the administration of CETA.

The AFL-CIO will be giving further attention and further detailed study to the administration's welfare reform proposal in the future.

Thank you, Mr. Chairman. That concludes my statement. I'll be more than glad to answer any questions.

Senator NELSON. Thank you, Mr. McGlotten. You're going to submit a more detailed statement for the record by next Friday, is that correct?

Mr. MCGLOTTEN. Yes, sir. I will have it to you by Wednesday of next week.

Mr. NELSON. Thank you very much. We appreciate your taking the time to come and testify.

[The prepared statement of Mr. McGlotten follows:]

STATEMENT BY ROBERT McGLOTTEN, ASSOCIATE DIRECTOR OF LEGISLATION AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATION TO THE SENATE SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR ON YOUTH EMPLOYMENT, TRAINING, AND EDUCATION PROPOSALS

March 6, 1980

We welcome and support the concept embodied in the Administration's new initiative on youth education, employment and training. It is a significant step in the right direction of providing both skills and jobs for young people who are often unemployed because of a lack of education and training.

The program draws on the experience gained from the Youth Employment and Demonstration Projects Act of 1977, which the AFL-CIO supported. It also reflects our long-time concern that education and training must involve close collaboration between the education community, government, labor and business.

We are pleased to note that the Administration's proposed Youth Act of 1980 retains from the YEDPA law Section 442 relating to wages and Section 443 with its prohibitions against displacement of currently employed workers and against substitution for work that would otherwise be performed and with its requirements for notification and consultation with appropriate labor organizations.

We have considerable concern that expectations for the new youth initiative may result in diminished support for current CETA and YEDPA youth jobs and training programs, because of the current misguided budget-cutting climate. We note that the Administration's youth initiative proposal calls for only $50 million in planning money for fiscal 1981 and that the program would not go into effect until fiscal 1982. We strongly urge that CETA and YEDPA youth jobs and training programs be maintained at least at current levels in fiscal 1980 and fiscal 1981 and until such time as the new youth initiative is fully funded and can pick up all of the YEDPA slots.

The AFL-CIO believes this, the new Administration's youth initiative will improve education, training and employment opportunities for disadvantaged youth. The assistance provided for both vocational and basic education will assure students not planning to attend college the same resources and preparation at the secondary level as college-bound students.

We call upon Congress to make certain that vocational and basic educational facilities and services will be made available to those most in need in the inner cities and rural areas. Youth unemployment will be diminished only when those minority young people most affected have access to educational opportunities that provide increased emphasis on academic skills combined with a program of broad technical skill training.

We urge more realistic guidance counselling on vocational opportunities in the middle school years to give students the time to consider entry into previously non-traditional work areas for both men and women. Improved standards of performance for vocational education schools and programs can be best realized through support for teacher training, upgrading and modern equipment.

Vocational education can offer young people a practical and realistic insight into the world of work; it should not mean that vocational education students are encouraged to leave school at an early age for low-skill, low-paid jobs. Work experience can teach vocational education students much about labor and collective bargaining and should not be an excuse to pay subminimum wages or undermine established working conditions.

The AFL-CIO and its affiliates are pledged to work with teachers and business and industry to effectively assist in the education and training of young people, many of whom are the children of our members.

Accordingly, we hope to continue to work with the Administration and the Congress in developing the authorizing legislation and assuring sufficient appropriations, so that this important new program combined with enhanced vocational and basic education, will be effective in reducing youth unemployment and providing the nation with a more qualified workforce for generations to come.

STATEMENT BY ROBERT McGLOTTEN, ASSOCIATE DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS TO THE SENATE SUBCOMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR ON S. 1312, THE WELFARE REFORM JOBS PROPOSAL

March 6, 1980

In connection with Senate bill S. 1312, the Administration's "Work and Training Opportunities Act," the jobs part of the Administration's welfare reform package, we wish to express some of the concerns of the AFL-CIO.

The welfare reform jobs program is appropriately proposed as an amendment to the Comprehensive Employment and Training Act. While we have a number of issues to raise, we think it is appropriate that this program would be included in the CETA law as a new part E of Title II and put under the direction of the Secretary of Labor. Welfare reform jobs must be tied in with other employment and training activities of prime sponsors to assure effective and realistic action.

However, it is obvious to us that there is a reshuffling of CETA jobs involved in the welfare reform jobs proposal since 62.5 percent of Title II-D funds will be earmarked for welfare reform jobs. We seriously question a proposal which is going to provide few if any net new jobs. In the present climate of misguided budget-cutting, it seems likely that total CETA jobs may well end up at a lower level at a time when the total should be increasing because of higher recession-induced unemployment.

We are also concerned about CETA wage requirements, the 18-month limitation on CETA employment, the undermining of wage and labor standards and job protections for regular public employees.

The CETA legislation enacted last year is unconscionable in its treatment of CETA workers. It mandates that an average CETA wage nationwide be no more than $7,200 per year. Areas with wages above the national average can pay more, but those with wages below the national average must pay less. Over one-third of the areas in the nation must pay CETA wages averaging as low as $6,635 per year -- only 10 percent above the federal Fair Labor Standards Act minimum wage. Only a few areas in the nation can pay average CETA wages above $9,000 per year. For example, the legally required CETA average wage in many jurisdictions is $2,000 or more less than bargained wage rate. The hiring of any CETA employee by these jurisdictions would in effect destroy standards that have taken years to build. The problem is nationwide.

This means that some public employers will attempt to establish new sub-minimum entry level jobs, such as an Assistant Laborer. Some employers may attempt to reclassify CETA employees to take them out from the protection of collective bargaining agreements.

The other severe problem is that the new law limits CETA employment to 18 months for those hired after October 1, 1978. CETA employees hired before that time are permitted to work one additional year until September 30, 1979. This serves only to recycle unemployment rather than to create jobs. The Secretary of Labor, however, does have discretion to grant waivers for these employees scheduled to be terminated. Such waivers may be granted if the employer can demonstrate that it faces unusually severe hardships in moving CETA workers to regular employment or to private industry payrolls. At its convention in December of 1979, the AFL-CIO called for amending

CETA to delete the provisions requiring a nationwide average CETA wage of $7,200 a year. The AFL-CIO also called for elimination of the 18-month limitations on CETA employment.

We also oppose all attempts by employers to use the average wage requirement to undermine prevailing wages and benefits. We want prime sponsors to be required to initiate positive programs to transition CETA employees to unsubsidized public and private employment at prevailing rates of pay and working conditions with safeguards to maintain current levels of public services.

Furthermore, we are urging the Labor Department to safeguard the job rights of all workers who may be adversely affected in the administration of CETA.

The AFL-CIO will be giving further attention and further detailed study to the Administration's welfare reform jobs proposal in the future.

Senator **Nelson**. The next hearing will be next week, Wednesday the 12th, at 9:30, in this hearing room.

[Whereupon, at 11:25 a.m., the hearing was adjourned, subject to reconvening on March 12, 1980, at 9:30 a.m., in the same hearing room.]

YOUTH EMPLOYMENT AND WELFARE REFORM JOBS, 1980

WEDNESDAY, MARCH 12, 1980

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, POVERTY,
AND MIGRATORY LABOR,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:35 a.m., in room 5110, Dirksen Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senator Nelson.

Senator **NELSON**. Our first witnesses this morning will be a panel on welfare reform demonstration projects. The witnesses are: Hon. W. W. Dumas, mayor of Baton Rouge. Neil Hurley, director, Lowell, Mass., CETA Consortium. Larry Lockhart, CETA administrator, Union County, N.J., and Marcia Eaton, manager, employment opportunities pilot program, Washington Balance of State CETA program.

STATEMENT OF HON. WOODROW W. DUMAS. MAYOR OF BATON ROUGE, LA.; NEIL HURLEY, DIRECTOR, LOWELL, MASS., CETA CONSORTIUM; AND MARCIA EATON, MANAGER, EMPLOYMENT OPPORTUNITIES PILOT PROGRAM, WASHINGTON BALANCE OF STATE CETA PROGRAM

Mayor **DUMAS**. Mr. Chairman, I am Mayor Woody Dumas from Baton Rouge, La., the home of Senator Long. I am glad to meet you again.

Senator **NELSON**. Being a member of the Finance Committee, I was aware of that.

Mayor **DUMAS**. You and I have met many times over the years.

Senator **NELSON**. Yes, it is nice to have you here again, Mayor. Mr. Lockhart is not here yet.

You may proceed any way you desire. Each of your statements will be printed in full in the record. If you wish to extemporize on them, fine. Proceed however you desire.

Mayor **DUMAS**. I am going to submit the statement in toto and just take a few parts from it. I would first like to present to the chairman my group here who have been doing a tremendous job in getting this pilot program together.

Mr. Leo Turner, who is director of the CETA program, Marvin Allen, who is the coordinator of the EOPP, who works under Leo, Cleve Taylor, who is the director of intergovernmental relations, Sergeant Desselle, who is here with me today, and Mr. Clay Cottrell from the Department of Labor.

I would like to say that we are very proud to be here because a little over a year ago, or less, when we were selected as one of the 15 cities to come up with an EOPP program, we met with Senator Long and the Under Secretary, Mr. Green. We promised them that we would come up with a program that we thought the entire Nation would be proud of.

Well, I think we have, because we have come upon a program that takes people off the welfare by training them and giving them gainful employment, and at the same time they are now taxpayers rather than tax recipients.

I have been coming up here since 1953, and I have heard the hew and cry of the Hall of Congress for many years and welfare has been quite a program. We know that if the EOPP program is put into effect by Congress, and you reduce the welfare by 10 percent, this is a savings of $2.2 billion a year.

Now, it must be pretty good because the CETA program, HUD, and many of the other agencies are all participating and cooperating with us right to the hilt. We could not ask for more cooperation.

You will notice on the charts that we have, I think at the top, which is one of the finest that we have, there is a lady right in the center who had been a welfare recipient for 25 years, and out of 8 weeks training, she is now working. She has been paying taxes for the past 3 or 4 months. She loves working. She is no longer a welfare recipient, and the taxes that she is paying are coming back into the Government and helping the Government spend money elsewhere.

We feel that the program that we have is something that is going to make a lot of people who think they are ineligible for welfare happy. Because of the training program over an 8-week period many of the people will find themselves no longer in need to be on welfare, and this is where your $2.2 billion comes in.

Senator NELSON. How many participants did you have in your program?

Mayor DUMAS. Well, let me go through this right quick, 811. We are just starting out on this thing. We are not old enough yet. We have not really got it going, but 811 is up to now.

Senator NELSON. How long has your program been underway?

Mayor DUMAS. I think we got our first grant last July, which is not even a year yet.

Senator NELSON. And how long is your training program?

Mayor DUMAS. I beg your pardon?

Senator NELSON. You have a training program that goes with this?

Mayor DUMAS. It runs about 8 weeks on the average. Let me read this to you. The total enrollment of EOPP in Baton Rouge is 811 of which 582 are AFDC and 229 are not AFDC.

The total terminations are 152, of which 50 were placed in unsubsidized jobs. The unsubsidized jobs are as follows, and this is what is the fantastic part about it, Senator. These people are not being trained and put out on the street picking up paper. Some of them are like the one that was placed in Dow Chemical at $1,100 a month, another at Exxon refinery at $1,300, another at NASCO, $1,250, another at Kaiser Aluminum at $1,360.

Those are the kinds of things that, I think, by the on-the-job training program—OJT—that we have under EOPP is the success of this thing. We have been very successful with it. We have people that go out to the industries in Baton Rouge—which is a highly petrochemical city, and the State capital—and we have many other things going for us.

Because of that, we are able to contact, search these jobs out, train these people and give them gainful employment and take them off welfare. And that is what you want.

I think if you ever get away from the training program, Congress is going to step back about 15 years. Many of these people, because of various and sundry reasons, Mother Nature or Lady Luck dealt them a bad hand. They did not get an education. They did not think they needed it when they were young or whatever it was, but they grew up and realized they have to work for a living, and now they are willing to take that training, and if you cut it out, they are going to be out on the streets, and they are going to be on welfare, and this is what you do not want. This is why this program is going to be one of the greatest things. In my 27 years' in government, I have never seen anything like it.

And I hope that we can improve upon it by the time we get through with it.

Senator **Nelson**. Thank you very much, Mayor. You said you started just last July?

Mayor **Dumas**. We got our first grant last July. We started getting geared up in July.

Senator **Nelson**. What is the length of the program?

Mayor **Dumas**. A 2-year demonstration. We were 1 of the 15 cities that were selected in the United States, and we were 1 of the 5 that had one of the largest allocations. We attracted much attention because Secretary of Labor Marshall, Under Secretary Green, Senator Long, Senator Johnston, Congressman Moore and all of those from our district, and Mr. Cottrell have been down to Baton Rouge several times, and have nothing but praise for it.

I know there are some things in here about the WIN program and others, but this is going to, I think, supersede the WIN program, because it leaves nothing to chance, and I think in my own opinion, like I say, with 27 years' experience in government, I just believe this is what you are looking for and I am proud to have been the mayor of the city, with these gentlemen who have provided this program, and I hope you will accept it.

Senator **Nelson**. Thank you very much, Mayor. It is encouraging to hear your testimony on your program, and all of us are interested in the same thing, being sure that people get the training and have the opportunity for productive work. I am satisfied that that's what the people themselves want. They just need the opportunity to get into productive work, and this kind of a program would appear to give them the opportunity and the training they need to do that.

Mayor **Dumas**. And, Senator, it gives them a lot more dignity.

[Statement submitted by Mayor Dumas follows:]

TESTIMONY

Submitted by

THE HONORABLE WOODROW W. DUMAS
Mayor-President
of
City of Baton Rouge
Parish of East Baton Rouge, Louisiana

on behalf of

CITY OF BATON ROUGE, PARISH OF EAST BATON ROUGE
EMPLOYMENT OPPORTUNITIES PILOT PROGRAM

before the

Senate Labor and Human Resources Subcommittee
on Employment, Poverty and Migratory Labor

March 12, 1980

STATEMENT OF WOODROW W. DUMAS
MAYOR-PRESIDENT, BATON ROUGE, LOUISIANA
BEFORE THE SENATE LABOR AND HUMAN RESOURCES
SUBCOMMITTEE ON EMPLOYMENT,
POVERTY AND MIGRATORY LABOR
MARCH 12, 1980

Mr. Chairman, members of the Subcommittee. I am pleased to be here to testify on the Welfare Reform jobs proposal. I am Woodrow W. Dumas, Mayor of Baton Rouge in the great state of Louisiana. Baton Rouge is a highly Petro-chemical and Industrial city. It is also the capitol of Louisiana.

First, I would like to say I support the Work and Training Opportunity Act of 1979. This Bill is a work-oriented welfare reform program. It is real welfare reform because it provides job search assistance and jobs and training instead of welfare for employable persons. It will radically change the welfare system for employable recipients because in the future, such individuals will be assisted primarily through the provision of employment and training opportunities with particular emphasis on transitional employment and training opportunities and private sector linkages.

Instead of having to rely on welfare for income support whenever the family breadwinner is out of a job, the new program will offer such persons the opportunity (as well as the requirement) to support their families through a paycheck.

Two Principal Components: Job Search Assistance and Work and Training Opportunities

The new work-oriented system consists of two components, a Job Search Assistance Program (JSAP) and a Work and Training Program (WTOP). Under JSAP, all AFDC eligible recipients who are employable are required to participate in a mandatory 8-week intensive job search program. Recipients are required to participate in job search on a daily basis under supervision, and are provided with a variety of job finding and supportive services to help them find and hold private sector jobs. Failure to participate in job search will result in their termination from the welfare rolls and also make them ineligible to participate in the Work and Training Program.

Under WTOP, all those unable to find jobs after eight weeks of job search would be referred to the local CETA prime sponsor for placement in a federally-assisted work or training position. Most participants would receive a mix of work and training. Efforts will be made to provide skills and work experience which lead to useful jobs in the regular economy.

While participating in WTOP, they would receive a wage which either greatly reduces or eliminates their family's need for welfare. Attempts to place workers in regular public or private sector jobs would continue while they are in federally-assisted positions. If no job is found for them by the end of 78 weeks, they would re-enter the Job Search Assistance Program for another eight weeks of active job search before becoming eligible again for a federally-assisted job or training position. Some of the major elements of welfare reform contained in the bill are highlighted below:

H.R. 4425 Changes the AFDC-Unemployed Parents Program into a Limited Two-Month Program of Assistance

The re-orientation of the welfare system to one which relies on employment assistance instead of cash assistance can most strikingly be seen with respect to the Unemployed Parents Program of AFDC. Currently, this program offers welfare benefits for an indefinite period to persons who are recipients because of the unemployment of the father, and under State option is in effect in half of the states,including Ohio, Vermont, Iowa, Wisconsin and all of the larger states. The cash bill, H.R. 4904, makes this a mandatory program in all States. However, a key provision (Section 111 (a) (1) in that bill limits cash assistance in the program in all states to only two months (instead of indefinitely under current law) provided that the Secretary of Labor certifies that the person is employed or in training under the Work and Training program established by H.R. 4425, or that an offer of such employment or training has or will be made. This means that if this Bill is enacted, cash assistance for such recipients will simply end after two months either because the person has been successfully placed in a private sector job during the 8-week job search period or has been placed in a work or training position under WTOP, or has refused such an offer. Thus the current option for such employable persons remaining on assistance for long periods of time will have been eliminated.

The Basic Structure of the Program Would Make the Welfare Work Requirement Truly Effective for the First Time

The basic structure of program insures that employable recipients must work or be eliminated from the rolls. All employable welfare recipients must go through an intensive 8-week job search period at application. If that effort does not result in a job then an employable person must participate in a work or training position. Failure to participate or cooperate in either program will result in termination from the rolls. There is no option to participate in an inactive component. This is in sharp contrast with the current system.

Under the existing WIN system it is possible to avoid the work requirement because of the structure of the program and because of its inadequate resource. For example, since WIN does not offer services to all employables within any fixed period of time, it is easy for most persons to avoid ever facing a work requirement or to drag out their involvement with the program over an excessive length of time. Under such a system many employable persons slip through the cracks. Several studies have suggested that by de facto agreement of the WIN counselors and recipients, the only persons participating in an active WIN component are those who want to work and are most employable.

The new program would eliminate this de facto option of choosing not to participate in a work or training program, and make the welfare work requirement truly effective for the first time since neither the recipient nor counselor would have the option of an inactive component.

The Program is Likely to Have a Major Impact on Eliminating Fraud and Abuse in the Welfare Program

The structure of the program, mandatory daily attendances in job search for an 8-week period and mandatory participation in a work or training component, will by itself eliminate a large number of ineligibles from the rolls. One of the key findings to date from the DOL welfare reform demonstration program shows that large numbers of persons are not showing up for job search because they cannot, they were already working, a fact not previously known to the welfare department. While it is too early to say for certain now, it appears that this factor alone may result in significant welfare savings. Results from one site, Lowell, Massachusetts, indicate that up to 25 percent of the persons referred to the Job Search program may have their grants reduced or eliminated because of this phenomenon.

This Bill will reduce welfare rolls by about 10 percent and reduce welfare and related costs by about $2.2 billion dollars.

The Work and Training Program is not simply another PSE program. It authorizes a variety of work and training opportunities far broader than Title II D and VI. Heavy emphasis will be placed on the use of OJT, training, and such activities as supported work programs which have been highly successful in placing long term welfare recipients in private sector jobs. The work experience gained in this component is an important part of skill development.

The WTOP component is essential to the overall success of the program. It makes the work requirement unavoidable and insures that persons who are unable to find a job do not simply revert to reliance on welfare.

The main emphases are on reforming the welfare. I don't think to reform welfare is to put twice as many people on the rolls. Welfare recipients should be provided with jobs.

Progress of the Welfare Reform Demonstration Program in Baton Rouge

This program, called the Employment Opportunities Pilot Program (EOPP) is testing various methods of providing employment and training assistance for unemployed primary wage earners in families with children as an alternative to reliance on welfare. The basic model being tested is similar to the jobs portion of the welfare reform proposal and includes a job search assistance component and a work and training coponent. This demonstration program will provide essential information on the best ways of implementing the welfare reform legislation.

The demonstration program is now well underway and the activities carried out indicate that the effort is going to be highly successful.

While only preliminary results are available so far, it appears that the primary objective of the demonstration program is being achieved, which is to identify the best means for assisting welfare recipients to become self-sufficient.

The early findings indicate that:

The basic structure proposed in the jobs component of the welfare reform legislation (a job search component and a work and training component) is effective in moving welfare recipients into employment and/or off of welfare.

Certain types of job search assistance are highly successful and suggest that the jobs component of welfare reform may be more effective in transitioning welfare recipients into private sector employment than estimated.

The ability of the Baton Rouge area to provide jobs for the AFDC eligibility population:

Baton Rouge is fortunate in regards to job opportunities, because of the large petro-chemical complex surrounding the city along the Mississippi River. In addition, being the state capitol, provides Baton Rouge with a large governmental payroll, both state and local. Economic projection for the Baton Rouge area is quite promising because of planned expansions of the petrochemical industry. Numerous small businesses are being planned to support the new growth and the increase in population that industrial expansion brings.

This alone does not produce jobs, but it does create potential. This potential coupled with the incentives that the Welfare Reform demonstration provides, will produce jobs for AFDC recipients.

The barrier that stands between the recipients and an unsubsidized job are rapidly being removed by the EOPP established in Baton Rouge. Barriers such as child care, transportation, and other supportive services are no longer excuses for not seeking employment.

The Targeted Job Tax Credit is additional incentive to potential employers to open the door to the AFDC recipient.

Not only is Baton Rouge capable of producing jobs, but jobs with above average potential as it relates to longevity, and entry level income. Again, this is contributed to the nature of the local industry. This employment potential, and welfare reform represent a team destined to succeed in the struggle against unemployment as it relates to AFDC recipients in the Baton Rouge area.

Barriers to employment faced by the AFDC - eligible population:

Type A - Human Needs

1. Child Care
    - (a) for dependent children under school age during work hours
    - (b) for dependent children of school age during after school hours
2. Transportation
    - (a) for dependent children from home to child care arrangement and return
    - (b) from home to work and return
3. Physical and Emotional Health Problems (Medical, Dental, Psychiatric)
4. Counseling regarding
    - (a) child rearing and child development
    - (b) personal and family relationships
    - (c) home management including household budgeting, food and nutrition consumer education
    - (d) housing improvement
6. Emergency Cash Assistance
    - (a) lodging (after eviction)
    - (b) food

(c) clothing

(d) car repairs

(e) utility deposits

(f) work uniforms

(g) occupational tools and equipment

(h) licensing

Type B

1. Basic Education
2. Skills Training
3. Work Experience

The total enrollment for EOPP in Baton Rouge is 811, of which 582 are AFDC and 229 are non AFDC.

The total terminations are 152 of which 50 were placed in unsubsidized jobs. The unsubsidized are as follows: one placement at Dow Chemical, at $1,100 per month, another at Exxon, $1,300 per month, still another at N.A.S.CO, $1,250 per month, still another, at Kaiser, $1,360 per month. These are just a few of the high paying jobs that EOPP in Baton Rouge has developed.

The total 50 percent placement ranges from jobs paying $500 per month to $1,360 per month. We are very optimistic that this trend will continue.

The active participation is as follows:

Job Search	170
Training	8
O.J.T.	4
P.S.E.	44
Holding	433

We are reducing our large number in holding by starting as of today, 13 Job Clubs with 20 clients in each. By the end of the month, we will have 20 Job Clubs as our maximum.

We have as of today, March 12, 1980, 27 openings in unsubsidized jobs. There are 45 O.J.T. openings. All of these openings are being filled today in Baton Rouge. Each of these range in pay from $3:10 per hour to $4:50.

I believe this program is an essential step in the evolution of a truly comprehensive employment and training system. It represents an attempt to ensure that families will have the opportunity for self-support through full-time employment and the skills required to hold useful jobs at adequate wages.

The Bill provides for the Governors to have a major roll in the total operations of this program. I will agree, however, I believe the staffs of the JSAP and the WOTP should be Co-located, thereby providing extensive coorperation and coordination.

Senator **Nelson**. That is right. Thank you very much, Mayor. I will now call upon Marcia Eaton, manager, employment opportunities pilot program in Washington Balance of State.

Ms. **Eaton**. Thank you, Mr. Chairman.

My name is Marcia Congdon Eaton. I am manager of the Washington State employment opportunities pilot program, administered by the employment security department. I am here today to share with you our experiences in operating this demonstration project, and based on these experiences, our recommendations for the Work and Training Opportunities Act of 1979.

The Washington project is operating in a four-county rural area in southwest Washington which is part of the CETA balance of State prime sponsor. There 161,300 people in over 4,000 square miles and only two cities with over 15,000 in population.

The four counties border on the Columbia River and the Pacific Ocean. The highly seasonal economy of the area relies heavily on forestry, fishing, and tourism.

The project began operating in October of 1979. By February the program had enrolled 244 people. Of those 244 enrollments, 89 have completed the job search period which is an 8-week period.

The following statistics are based on this first group of individuals. I must caution that these are very preliminary figures and may not be representative of results over a longer time period.

Twenty-one percent were placed in unsubsidized employment at an average wage rate of $5.48 per hour. Eleven percent went on to other training programs, mostly other CETA programs. Seventeen percent were nonpositive terminations. In CETA language that means something that is not a positive kind of movement such as moving from the area or refusing to participate in job search, terminations due to personal health or other family problems.

Six percent were inactivated or suspended primarily for medical or other temporary conditions with the anticipation that they would be active again in the program within a short time period.

Forty-two percent were ready for placement in the work training component, 7 percent of these have been placed in subsidized slots such as a public service employment slot. The remaining 35 percent are awaiting that placement.

This group of 89 is 47 percent male and 53 percent female. They are 93 percent white, and this is representative of the general population in the area. The average age is 30. Average educational level is 11th grade.

They have been unemployed an average of 5.2 months. They are all receiving aid to families with dependent children, and 88 percent are mandatory referrals under the work incentive program.

The average family size on the assistance grant is 3.6. During the planning and startup of the project, we have encountered the usual problems associated with starting anything new. We also encountered some unusual problems.

Coordination and cooperation are extremely important in this project. CETA is now required to coordinate with all parts of the employment and training system and to document this coordination.

Others in the system are not required to coordinate with CETA, and in some instances, this slowed the planning process. I would like to emphasize the need for adequate planning time prior to operations if this legislation is enacted.

Groups at the State and local level who have not necessarily worked together must develop new working relationships for this program to be successful. It takes time to work out these relationships.

The planning efforts were facilitated by the project being housed in a State agency. State agencies plan an important role in this project especially the agencies administering the welfare program and the work incentive program.

With respect to the legislation, we strongly endorse the concept of the Governor being responsible for the planning of job search assistance. The program needs the involvement of the Governor because of the close ties that are necessary to existing State responsibilities.

The basic activities of this project already existed in some fashion before the planning period, on-the-job training, public service employment, classroom training, and job search. This project combines those basic activities in a unique way, and it is this combination that gives the project a new look.

The Washington project uses existing service deliverers. These include community based organizations, local governments, and State agencies. By using existing service deliverers, we are maximizing resources and minimizing duplication.

It allows for better coordination with other programs, including other CETA activities. We have also been able to obtain more experienced staff, some of whom are very knowledgeable about the client group.

The Washington project has two different models. The basic tenet of the operations was to use the basic CETA delivery system. This was already based on two differing delivery mechanisms.

In one two-county area, the employment security department staffs all the activities required in the project. This provides a close tie to the employment service functions of the Department as well as other CETA programs which are also administered by employment security.

The second model in the other two-county area includes a core staff from the employment security with a variety of subagreements to other agencies. This provides a connection to employment services as well as to the CETA programs administered in this area by the other agencies.

In spite of separate administrative requirements, EOPP and WIN have been successfully integrated at the local level in this project. This is due to a team management approach.

One of the new twists to this project is a mandatory job search period. The purpose of job search is to place the person in unsubsidized employment. This has not always been the result of our job search.

One of the main reasons for this is the local economy. This four-county area traditionally has a slow economy during the winter months; although unemployment during 1979 dropped as low as 6 percent during the summer months, the average in these four counties for the year was 9.2 percent.

During December 1979, three of the four counties had an unemployment rate over 10 percent. Unemployment rates during the winter of 1978 to 1979 from November to March were between 10 and 11 percent. This winter's rate could go as high as 12 percent.

This is partially due to a slowdown in the wood products industry, approximately 2,000 people have been laid off this winter from jobs in this industry. This is 2.7 percent of the labor force in that area.

In this type of seasonal economy, job search during the periods of high unemployment is difficult. We think it is important to provide participants with a positive experience during job search.

Although job search is always aimed at job placement, other things can also be accomplished. These things include recognizing job skills, learning about individual preferences for particular jobs, knowledge of the local labor market, and increasing self-esteem.

Even if the person does not find a job during job search, this will result in a more successful experience in the training or PSE position and lead eventually to unsubsidized employment.

We have also found that job search is not always desirable for everyone, and it is easy to identify this during the intake process. We are using a 5- to 8-week time period for job search.

Exceptions to this required job search are necessary. Some individuals need training prior to placement. Others are simply not ready for job search. Emotional and physical barriers are so substantial that other services must be provided first.

Although tax credits to employers can be used as an incentive for placement during job search, the lack of OJT funds, on-the-job training funds, during this phase is a disincentive to both the job searcher and to many potential employers.

Senator NELSON. When you say during this phase, are you saying that the tax credit is not available during the job search?

Ms. EATON. During job search, the tax credit is available, the WIN tax credit or the targeted jobs tax credit, but on-the-job training funds are not available for use as a placement tool during job search. They can only be used if the person cannot find a job during that 8-week period.

A participant may apply for a position in which the person is marginally capable of performing. The participant has little hope to be hired and the employer little incentive to hire such a person.

These situations could be placements, and in a relatively short time unsubsidized jobs if OJT capability were added to that job search component.

In the legislation, we urge that the Governor have the ability to plan a job search program based on the local economy coupled with individual needs. This should include the ability to use OJT placements.

Job search is taking a variety of forms in our rural site. In some areas, it is a group meeting for 1 to 3 weeks. In other areas, this is not practical. So we are working to develop a self-instructional workbook for the individual to use at home.

We hope this will provide service to those in the more remote and inaccessible areas.

The flow of individuals from job search to the work-training component has not been working smoothly. Part of this is due to problems inherent in development of the program and startup activities.

We anticipate that even after we have those problems worked out, the assumption that a person will move immediately from job search to a waiting work and training slot that agrees with the participants employability development plan is highly questionable.

This problem appears to increase in rural areas where creation of slots is more difficult. Rural areas have other special problems. Services are not always available.

For example, in our project area there are two community colleges. However, often individuals must be sent over 100 miles for more specialized training.

Day care is another special issue. There are limited facilities for child care in the project area. It has not been a serious problem yet, but in the foreseeable future, the demand for child care may outweigh the supply. We are attempting to increase the number of day care facilities for children to meet this need.

Transportation is another major issue in rural areas. The project site is fortunate to have one county with an extensive transit system and another county with a newly developed system.

In looking at rural counties in our State, these four counties are clearly the exception in having such a good transportation program. In other areas, we would have vastly curtailed employment and training services because of a lack of transportation.

In the act, there is a 20-percent limitation on administration training and support services during the work and training component. The effect of this may be to severely limit support services and training available.

A limit on administration is reasonable, but it is illogical to limit services to clients in categories such as support services and training. Even in the current title II-D, 15 percent of the funds must be expended on training during fiscal year 1980; 20 percent in fiscal year 1981. These amounts are in addition to administration and do not include support services.

The restriction in the act would seem to indicate an unrealistic limitation. Prime sponsors should have the flexibility to include training and support services at levels necessary to support the program during that work and training component.

An additional budget consideration is the requirement in the bill for a 10-percent cash match during job search. We recommend that an in-kind match be allowed as in the current WIN program.

One key to the success of this program is good cooperation with the private sector where most of the jobs are found. We have used tax credits as a selling point for employers who might hire these individuals.

Another key in a rural area is economic development and creation of new jobs. Officials in the project area are interested in diversifying the economic base of the region to help reduce the tremendous seasonal fluctuations in the economy, and we are working with them in a partnership to help accomplish this.

I would like to summarize our recommendations for the proposed legislation. We support the legislation as it was introduced with the Governor submitting a plan for the job search assistance program.

Job search should be more flexible, including exceptions to the time requirement as well as including on-the-job training funds to use for placements. Funds for training and support services should not be limited to a specific percentage and in-kind match should be allowed for job search.

Mr. Chairman, thank you for the opportunity to testify.

[Statement submitted by Ms. Eaton follows:]

Statement to the
Human Resources Committee of the
United States Senate
Subcommittee on
Employment, Poverty and Migratory Labor

by
Marcia Congdon Eaton, Manager
Washington Employment Opportunities Pilot Program
Washington State Employment Security Department

Mr. Chairman, Members of the Subcommittee, my name is Marcia Congdon Eaton. I am Manager of the Washington State Employment Opportunities Pilot Program administered by the Employment Security Department. I am here today to share with you our experiences in operating this demonstration project and based on these experiences our recommendations for the Work and Training Opportunities Act of 1979.

The Washington project is operating in a four county rural area in Southwest Washington which is part of the CETA Balance of State Prime Sponsor. There are 161,300 people in over 4,000 square miles and only two cities with over 15,000 people. The four counties border on the Columbia River and the Pacific Ocean. The highly seasonal economy of the area relies heavily on forestry, fishing, and tourism.

The project began operating in October 1979. By February, the program had enrolled 244 people. Of the 244 enrollments, 89 have completed the job search period. The following statistics are based on this first group of individuals. I must caution that these are very preliminary figures and may not be representative of results over a longer time period.

21% were placed in unsubsidized employment at an average rate of $5.48 per hour.

11% went on to other training programs, mostly other CETA programs.

17% were non-positive terminations such as moving from the area, refusing to participate in job search, personal health, or family problems.

6% were inactivated or suspended primarily for medical or other temporary conditions.

42% were ready for placement in the work and training component. Seven (7) percent of these have been placed in subsidized slots. The remaining 35 percent are awaiting placement.

This group of 89 is 47 percent male and 53 percent female. They are 93 percent white; this is representative of the general population in the area. The average age is thirty. The average educational level is eleventh grade. They have been unemployed an average of 5.2 months. They are all receiving Aid to Families with Dependent Children and 88 percent are mandatory referrals under the Work Incentive Program (WIN). The average family size on the assistance grant is 3.6.

During the planning and start up of the project we have encountered the usual problems associated with starting anything new. We also encountered some unusual problems. Coordination and cooperation are extremely important in this project. CETA is now required to coordinate with all parts of the employment and training system and to document this coordination. Others in the system are not required to coordinate with CETA and in some instances this slowed the planning process. I would like to emphasize the need for adequate planning time prior to operations if this legislation is enacted. Groups at the state and local level who haven't necessarily worked together must develop new working relationships for this program to be successful. It takes time to work out these relationships.

The planning efforts were facilitated by the project being housed in a state agency. State agencies play an important role in this project especially the agencies administering the welfare program and the Work Incentive Program. With respect to the legislation, we strongly endorse the concept of the Governor being responsible for the planning of Job Search Assistance. In addition, we recommend using the State Employment Security Agencies as the delivery mechanism. The program needs the involvement of the Governor because of close ties that are necessary to existing state responsibilities.

The basic activities of this project already existed in some fashion before the planning - on-the-job training, public service employment, classroom training, job search. This project combines those basic activities in a unique way, and it is this combination that gives the project a new look.

The Washington project uses existing service deliverers. These include community based organizations, local governments, and state agencies. By using existing service deliverers, we are maximizing resources and minimizing duplication. It allows for better coordination with other programs including other CETA activities. We have also been able to obtain more experienced staff, some of whom are very knowledgeable about the client group.

The Washington project has two different models. The basic tenet of the operations was to use the basic CETA delivery system; this was already based on two differing delivery mechanisms. In one two-county area, the Employment Security Department staffs all the activities required in the project. This provides a close tie to the Employment Service functions of the Department as well as the other CETA programs which are also administered by Employment Security.

The second model in the other two-county area includes a core staff from Employment Security with a variety of subagreements to other agencies. This provides a connection to Employment Services as well as to the CETA programs administered in this area by the other agencies.

In spite of separate administrative requirements, EOPP and WIN have been successfully integrated at the local level in the project. This is due to a team management approach.

One of the new twists to this project is a mandatory job search period. The purpose of job search is to place the person in unsubsidized employment. This has not always been the result of our job search. One of the main reasons for this is the local economy. This four county area traditionally has a slow economy during the winter months. Although unemployment during 1979 dropped as low as 6 percent during the summer months, the average in these four counties for the year was 9.2 percent. During December 1979, three of the four counties had an unemployment rate over 10 percent. Unemployment rates during the winter of 1978-79 were between 10 and 11 percent. This winter's rate could go as high as 12 percent. This is partially due to a slow down in the wood products industry. Approximately 2,000 people have been laid off this winter from jobs in this industry. This is 2.7 percent of the labor force.

In this type of seasonal economy, job search during the periods of high unemployment is difficult. We think it is important to provide participants with a positive experience during job search. Although job search is always aimed at job placement, other things can also be accomplished. These things include recognizing job skills, learning about individual preferences for particular jobs, knowledge of the local labor market, and increasing self-esteem. Even if the person doesn't find a job during job search, this will result in a more successful experience in the training or PSE position and lead eventually to unsubsidized employment.

We have also found that job search is not always desirable for everyone and it is easy to identify this during the intake process. We are using a five to eight week time period for job search. Exceptions to this required job search are necessary. Some individuals need training prior to placement. Others are simply not ready for job search. Emotional and physical barriers are so substantial that other services must be provided first.

Although tax credits to employers can be used as an incentive for placement during job search, the lack of OJT funds during this phase is a disincentive to both the job searcher and to many potential employers. A participant may apply for a position in which the person is marginally capable of performing. The participant has little hope to be hired and the employer little incentive to hire such a person. These situations could be placements and, in a relatively short time, unsubsidized jobs, if OJT capability were added to the job search component. In the legislation, we urge that the Governor have the ability to plan a job search program based on the local economy coupled with individual needs. This should include the ability to use OJT placements.

Job search is taking a variety of forms in our rural site. In some areas it is a group meeting for one to three weeks. In other areas this is not practical. So we are working to develop a self-instructional work book for the individual to use at home. We hope this will provide service to those in the more remote and inaccessible areas.

The flow of individuals from job search to the work training component has not been working smoothly. Part of this is due to problems inherent in development of the program and start up activities. We anticipate that even after we have those problems worked out, the assumption that a person will move immediately from job search to a waiting work or training slot that agrees with the participant's Employability Development Plan is highly questionable. This problem appears to increase in the rural areas where creation of slots is more difficult.

Rural areas have other special problems. Services are not always available. For example, in our project area there are two community colleges. However, often individuals must be sent over 100 miles for specialized training.

Day care is another special issue. There are limited facilities for child care in the project area. It has not been a serious problem yet but in the foreseeable future the demand for child care may outweigh the supply. We are attempting to increase the number of day care facilities for children to meet this need.

Transportation is another major issue in rural areas. The project site is fortunate to have one county with an extensive transit system, and another county with a newly developed system. In looking at rural counties in our state, these four are clearly the exception in having such good transportation service. In other areas we would have vastly curtailed employment and training services because of a lack of transportation.

In the Act, there is a 20 percent limit on administration, training, and support services during the work and training part. The effect of this may be to severely limit support services and training available. A limit on administration is reasonable, but it is illogical to limit services to clients in categories such as support services and training. Even in the current Title II-D, Public Service Employment, 15 percent of the funds must be expended on training in FY 80, 20 percent in FY 81. These amounts are in addition to administration and do not include support services. The restriction in the Act would seem to indicate an unrealistic limitation. Prime sponsors should have flexibility to include training and support services at levels necessary to support the program.

An additional budget consideration is the requirement in the bill for a 10 percent cash match during job search. We recommend that an in-kind match be allowed, as in the current WIN program.

One key to the success of this program is good cooperation with the private sector where most of the jobs are found. We have used tax credits as a selling point for employers who might hire these individuals. Another key in a rural area is economic development and creation of new jobs. Officials in the project area are interested in diversifying the economic base of the region to help reduce the tremendous seasonal fluctuations in the economy.

I would like to summarize our recommendations for the proposed legislation.

- o We support the legislation as it was introduced with the Governor submitting a plan for the Job Search Assistance Program.
- o Job search should be more flexible, including exceptions to the time requirement as well as including on-the-job training funds to use for placements.
- o Funds for training and support services should not be limited to a specific percentage.
- o In-kind match should be allowed for job search.

Mr. Chairman, thank you for the opportunity to testify. I will be happy to answer questions.

Senator **Nelson**. Thank you very much for taking the time to come and present the testimony on your project.

Our next witness is Mr. Neil Hurley, director, Lowell, Mass., CETA Consortium.

Mr. **Hurley**. Mr. Chairman and members of the subcomittee, I first want to thank the subcommittee for the opportunity to appear here today to testify on the welfare reform jobs bill, S. 1312.

Program operators on the local level many times complain about the complexity of programs and legislation that is offered, and I think as a panel we sincerely appreciate the opportunity to appear here today and to tell you how things are going on the local level trying to operate some of these programs.

As I stated earlier, my name is Neil Hurley, and I am director of the CETA program for the Lowell, Mass., Consortium. With me today is Henry Przydzial, directly behind me, who is the program director for our welfare reform demonstration, and Mr. Dan O'Connor, who is our welfare coordinator for the project and who has 5 years of experience in the welfare system and who probably could offer some interesting comments to the committee in terms of how the welfare system was operating in Lowell prior to this program and how it is operating currently.

As you know, Lowell, Mass., is one of the demonstration sites for the employment opportunities pilot program which has been operational since last October in Lowell, Mass.

What we would like to offer to the subcommittee today is our viewpoint on program operations at the local level. Essentially, the program that we are operating is the program that is proposed in Senate 1312.

I think that is one of the advantages of having the 15 demonstration projects that what has been proposed in the legislation has actually been tested and is presently operating. It is not a research project. It is not a pretty, sophisticated document consisting of 200 pages that is going to sit on a shelf somewhere. It is actually 15 cities and consortiums dealing with actual welfare recipients and trying to operate the program.

In the interest of time, I would quickly like to summarize some of the positive aspects of the program, at least as we see it, that has occurred in Lowell, Mass.

The first positive result has been the ability of three key agencies to work together in the city of Lowell and in the Greater Lowell area, and those three agencies are CETA, the employment service WIN and welfare.

In order to have an effective employment or manpower program at the local level dealing with the welfare population, I believe and I think the people from the 15 demonstration projects and the people from the Department of Labor will agree that it is essential that these three key agencies at the local level do work together.

If that does not happen, you are going to run into duplication of services and what-have-you. We have been able to effectively accomplish that in Lowell.

A second interesting aspect of our program has been facing the issue of child care. When you talk about the welfare population, the AFDC population, you are talking about, at least in Massachusetts, a 98-percent female caseload.

And one of the most significant barriers to employment with that kind of a client group is child care. If you do not face child care up front, you are not going to be successful in offering employment opportunities to these individuals.

The way we approached child care is to train AFDC mothers as child care providers. What that has done is two things. It has allowed us to be somewhat creative in terms of our job creation. Instead of having PSE slots for individuals at the department of public works cleaning parks or sweeping streets or shoveling snow, not that those activities are not important, we have taken our PSE slots or a number of our PSE slots, trained individuals to be family child care providers and thereby expanded our child care network in the city of Lowell.

A third interesting and positive aspect we like to think in our demonstration project has been the job search assistance component. We use what is called the job club model. It is an intensive 5-week group job search approach.

And the most interesting statistic on that is that 76 percent of our clients, who have gone through job club, have entered employment into the private sector.

Senator NELSON. What percent?

Mr. HURLEY. Seventy-six percent.

Senator NELSON. Would you repeat the whole sentence again. I did not get it.

Mr. HURLEY. Seventy-six percent of the clients that come through our job search activity get jobs in the private sector.

Senator NELSON. Over what period of time is this?

Mr. HURLEY. This has been since October, the people that we have run through our job search activity. The job search activity, itself, Mr. Chairman, is a 5-week activity in our model. For 5 weeks they have to look for a job in the private sector.

Senator NELSON. Well, what are they required to do in looking for a job? Are there any requirements?

Mr. HURLEY. Yes, it is a very structured approach. The job search activity that we are using gives the client an opportunity to use the services of our program to search for a job specifically a job that is of interest to them.

They come in. They sit down the first day, and they list three career goals that they might be interested in, whether it be nursing, construction worker, printing, teaching, whatever interests they have, and then they pursue those three careers goals or whichever they think is the most interesting for them in the private sector.

Senator NELSON. Is there any testing program associated with it?

Mr. HURLEY. We do some very preliminary testing in the beginning. If somebody is interested in assembly or electronics, we do some hands on type of stuff, but it is fairly limited.

Senator NELSON. Well, supposing they do not have any particular ideas, do you review possibilities with them?

Mr. HURLEY. The job club counselor will talk about what they have done in their background. If they have been a homemaker, and we do have some displaced homemakers coming into the program who may have never worked or who may have done secretarial work 8 to 10 years previous, they work very closely with the job club counselor to determine what skills they have.

And everybody is told—it is a very positive approach—that everybody has a skill, and they are taught how to develop that skill and how to market that skill to the private employer.

Senator Nelson. Well, now, during this 5-week period, what specifically do they do? They are not just spending 8 hours a day looking for a job, are they?

Mr. Hurley. Yes, they are.

Senator Nelson. For 5 weeks?

Mr. Hurley. For 5 weeks.

Senator Nelson. What kind of supervision or assistance are they given?

Mr. Hurley. In the job search model that we use, one job club counselor works with a group of about 8 to 10 clients. The assistance that they are given is that everybody prepares a resume, anybody from a high school dropout to a Ph. D. They are taught how to approach an employer in terms of how to develop a job lead, how to call and how to get to the foreman that is actually going to be doing the hiring or the supervisor of the department that is going to be doing the hiring, and then how to go to that interview and how to sell themselves to the employer.

The more I see of the model, the more I believe that it is a very professional approach. Every job club has a phone bank of four to eight phones. It is self-directed placement in a sense that, if Neil Hurley were the client, it would be Neil Hurley calling a General Electric or a Wang Laboratories and talking directly to the employer, saying that "I, Neil Hurley, am interested in a job."

It is self-directed in the sense that an employment counselor is not calling for me, and whether we like it or not, a lot of employers, unfortunately, have a negative attitude toward CETA, have a negative attitude toward welfare, and have a negative attitude toward the employment service. They feel that if a job developer has to call for an individual, in a sense that individual is handicapped and cannot market himself.

What this model does is teach that individual to be self-sufficient, to learn the skills and how to search for a job himself, to present himself directly to the employer. The employer does not know that Neil Hurley the client is calling from a CETA- or a WIN-funded activity.

Senator Nelson. You said 76 percent of the participants have been placed in the period since your program began?

Mr. Hurley. Since October, sir.

Senator Nelson. And that is how many people?

Mr. Hurley. That is a total of 164 placements.

Senator Nelson. And were these all in unsubsidized employment?

Mr. Hurley. All unsubsidized.

Senator Nelson. All in the private sector?

Mr. Hurley. All in the private sector.

Senator Nelson. OK. Go ahead.

Mr. Hurley. Just briefly, the types of occupations were electronic assemblers, nurses' aides, forklift operators, packers, mechanics, welders' helpers, production workers, secretaries, bulldozer operators, route drivers, what-have-you. It spans the whole gamut of jobs.

Every place that I mention that 76-percent placement rate people do not believe it, and I think they do not believe it because it is somewhat of a new approach to job development.

In terms of making recommendations to the committee, I would sincerely hope that when the legislation or if the legislation is passed that the regulations mandate this type of a group job search approach. We have found it to be very effective.

Moving on to the fourth item, another thing that our program has shown which is not talked about too much but because of the intensive group job search approach and the fact that people report every day and spend the better part of the day looking for employment, what has happened is that we have found that 15 percent of our clients have been screened out in the sense that they were already working at full-time jobs but had not reported that to the welfare assistance payments workers in the city.

I think the implications here are that that 15 percent of the money, at least in the Greater Lowell area, that is going to people that really are not eligible for AFDC could more effectively be rerouted and could go to those clients that actually need it or could be diverted back into a program such as ours to offer employment services.

Senator **Nelson**. How do you discover that they are working full time and collecting benefits?

Mr. **Hurley**. They actually come in and say that they are working or they will say the day before they are supposed to report that they just got a job yesterday. It is those types of things.

Senator **Nelson**. They are selected and required to participate?

Mr. **Hurley**. Yes, they are.

Senator **Nelson**. So then if they had a full-time job, there is no way they could participate without quitting the job?

Mr. **Hurley**. Right.

Senator **Nelson**. They just announce that they got a job, is that it? They say they found a job?

Mr. **Hurley**. Right. Well, there are different ways of approaching it. Some say they just got a job yesterday. Some actually admit that they have actually been working.

There is a certain percentage of the population that does abuse it. We do not think it is a large percentage, but if the system is set up in such a way that the system is easy to beat in terms of being able to work full time and being able to collect AFDC benefits, then some people will, unfortunately, take advantage of that. At least we have found that in our limited experience.

Probably the most important thing that we have found programwise and servicewise is that the demonstration program in Lowell is offering quality employment assistance to the welfare recipients that are participating in our program.

Initially, people come in hesitant, sometimes reluctant, sometimes a little bit afraid of what is going to happen. They have been out of the job market for a while or they just do not have the confidence in themselves.

After the first 3 or 4 days of job search, they begin to develop some confidence in themselves, that they can actually call up an employer, that they can go out and get an interview, and they see other people that they are working with in this group setting getting jobs.

It is a positive reinforcement factor that we think is worth talking about.

Another thing I would like to state is that what we find so good about the program is the delivery system that DOL mandated that we implement in Lowell, and what is good about that delivery system is that it is a very structured 5- to 8-week activity in the sense that it is not possible for people to fall through the cracks.

We have to handle every client that comes in, provide whatever services are necessary to get that individual into a situation where they are actively able to search for work and feeling their ability to get a job in the private sector, provide the most appropriate training or public service employment opportunity to those individuals.

The last item I have here on my summary is the types of subsidized opportunities that we are offering to the clients if they do not successfully find a job in the private sector after the 5-week period.

We have had good luck with on-the-job training, and a supported work activity. I believe there is a panel coming on after us to talk about supported work. Institutional training and public service employment is also available to the clients. We are working very closely with our private industry counsel in terms of marketing the program in the private sector.

In summary, I would just like to say that in the Lowell situation we have found that the program as proposed in S. 1312 is a practical, pragmatic approach to welfare reform which offers quality employment services to welfare recipients.

Again, in closing, I would like to thank the committee for this opportunity to testify, and myself and my staff are available for any questions that might be offered. Thank you, Mr. Chairman.

[Statement submitted by Mr. Hurley follows:]

SUMMARY OF TESTIMONY
BEFORE
SENATE LABOR AND HUMAN RESOURCES SUBCOMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR

March 12, 1980

BY: Neil J. Hurley

Senate Hearing on Work and Training Opportunities Act of 1979

Mr. Chairman and members of the subcommittee, I first want to thank the subcommittee for the opportunity to appear here today to testify on the Welfare Reform Jobs Bill (S-1312).

My name is Neil Hurley, and I am the Director of the CETA Program for the Lowell, Massachusetts Consortium and with me today is Henry Przydzial, the Program Director for EOPP and Dan O'Connor, who has been with the Lowell Welfare Office for five years, and who is presently our Welfare Coordinator for EOPP. Lowell is one of the demonstration sites for the EOPP program which has been operational since last October. What we would like to offer to the subcommittee is our viewpoint on program operations at the local level. Essentially, we are operating the program as proposed in the legislation. We are pleased to say that the program works and we would briefly like to touch upon how the program has been set up in Lowell.

In the interest of time, I would quickly like to summarize some of the positive aspects of the program.

1. The ability of three key agencies to work together - CETA, ES/WIN and Welfare. This is essential in the development of a successful program.
2. Training of AFDC mothers as Family Day Care Providers through a PSE project to provide the necessary supportive services to the program.
3. The Job Search Assistance component specifically the "job club" model. The most significant aspect todate number wise has been a 76% entered employment rate into the private sector.

4. The screening out of approximately 15% of our clients who were working full-time and also collecting benefits.

5. Program wise, and service wise, the most significant aspect of EOPP in Lowell has been the quality of employment assistance that we have been able to provide to Welfare recipients.

6. The beauty of EOPP is the Delivery System which mandates the 5-8 week job search period and requires that every participant be dealt with in a structured way, not allowing individuals to get lost in the process or in the bureaucracy.

7. The types of jobs and training programs that are available to project participants include: OJT, Supported Work, Institutional Training and PSE. The Private Industry Council has been contracted to develop OJT slots.

In closing, I would again like to thank the subcommittee for this opportunity to testify and I am available to answer any questions on the material presented.

Supportive Services

Acknowledging the fact that EOPP participants will generally require an array of social services, the Lowell EOPP has identified those needs which commonly obstruct employment opportunities in this particular area.

The social service needs which could prevent participation in the program regard the provision of:

Child Care
Transportation
Family Planning
Counseling Services
Health Services
Legal Services
Case Management Services
Housing Services
Homemaker & Chore Services

Services in these areas are provided to participants once initial assessment has taken place. Service needs are identified and provided for by social work staff from the Department of Public Welfare's Separate Administrative Unit (SAU). The SAU/worker will carry a caseload of individuals progressing in the program who need ongoing support. Those individuals who require no supportive services during initial assessment but identify needs during Job Search or Work Training will be referred to the SAU/Unit for service provision.

Understand the program will service primarily a welfare population with very demanding social service needs (many of which the SAU/worker is the mandated provider) and recognizing that many EOP Program needs related to welfare issues can best be resolved by interested welfare staff, EOP contracted with the Massachusetts Welfare Department to allow D.P.W. staff increases necessary to assure the full and effective participation of the Welfare Department in the program.

In addition to funding staff increases, the EOP Program has also greatly enhanced the SAU/worker's service provision capabilities. Complementing the traditional WIN and Title XX funded services the SAU/worker can use EOP funded social services most notably the unnovative use of EOP/PSE projects such as the EOP Day Care Projects (See Attachment).

Also, the SAU staff utilizing the technical assistance of the EOP Social Service Coordinator has established a functional network of public and private social service agencies that is assuring maximum utilization of all available area supportive services.

A properly staffed, creatively supervised social service unit committed to the program goals of EOPP is essential for the operation of a successful program.

Job Search Assistance Component

The most significant feature of the job search component is that the Lowell Work Incentive Program (WIN) is completely integrated with EOPP. The Division of Employment Security, the State WIN agent has folded in its existing Lowell WIN program and contracted with the Lowell Prime Sponsor to operate the EOPP job search component. This arrangement allows CETA and WIN to operate a non-duplicative, centralized EOPP job search activity which integrates the functions of both organizations.

Job Search consists of the following activities:

1. Outreach
2. Intake
3. Initial Assessment
4. Intensive Job Search
    a. Group
    b. Individual

Outreach for the Lowell EOPP consists of a re-assessment of the unassigned recipient pool, new WIN registrants, WIN exempt AFDC recipients and Non-WIN EOPP eligibles. Also, linkages have been established with the local community-based organizations and service agencies.

At intake and assessment an indepth interview is conducted to determine enrollee eligibility, to establish a preliminary job development plan, and to identify any supportive services that the enrollee might need to make him/her job-ready. The supportive services, usually child care and transportation, are provided immediately so that the enrollee can begin intensive job search.

Pargicipants who need more complicated or time-consuming supportive services are referred to a remedial counselor for a maximum of 90 days. During this time, any medical problems, dental care, language difficulties or other remedial services are provided.

At theend of the initial assessment the enrollee enters the intensive job search phase of the program. Participants are assigned to either the individual or group job search depending on the initial assessment determination.

The intensive job search component consists of a period of five weeks, subdivided into two modes, Individual Job Search and Group Job Search. Individual job search is primarily for those clients who will not benefit from group experience as indicated by strong resistance to referral to groups, inability to adjust to the group setting and/or their need for individual guidance.

The group job search or "job club" developed by Dr. Nathan Azrin and Robert Philip is the most significant element of the Lowell EOPP program. The job club is an intensive group process approach to teaching effective job finding techniques. The program stresses assertiveness, the success of past participants, and the marketability of desirable personal characteristics in addition to job skills as a basis for job finding.

The club is composed of one employment professional and ten to fifteen program participants. Each club utilizes the telephone from which to make employer contacts, follow-up leads and arrangeing for interviews. The participants progress is charted on the wall so that enrollees may see tangible evidence of their job search progress.

The clients.job for eight hours a day, five days a week, is to find a job. They learn how to use the phone to get interviews, how to interview effectively, how to prepare a resume, all the skills associated with job hunting. After learning these techniques, the clients schedule job leads and interviews over the phone. A minimum of 10 employer contacts per day is required, on the theory that the greater the number of contacts, the better chance of finding a job.

Clients are taught to use a phone script when calling employers and they work with a partner who listens in on the conversation. The partners critique each other's performance after each call. This peer support of the group is a very important aspect of the program.

The experience of the Job Club in Lowell thus far has been that the clients are finding jobs within a two to three week period. The average starting wage is approximately $3.75/hour. The types of occupations include the following: Electronic assemblers, nurses' aide, mechanic, packer, forklift operators, bookkeeper, welder's helper, production worker, secretary, bulldozer operator and route driver. A job search component status report follows:

Total Enrollments		337
Entered Employment (unsubsidized)		164
Job Search Component	149	
Work Training Component	15	
Other Terminations		47
Active Participants		126
Job Serach Component	18	
Work Training Component		
PSE	37	
OJT	3	
Supported Work	27	
Suspense	37	
Holding for Placement	4	

FAMILY DAY CARE

The Pre-School Project provides comprehensive child care geared to the emotional, social, educational and physical growth of the child. It is designed to train 25 AFDC mothers to become Family Day Care Providers. It is anticipated that each provider will care for (4) children each in their own homes.

Training will be geared to ensure that providers gain skills in planning, implementing and evaluating quality programs for children. Training is on-going and accomplished thru weekly staff meetings, written material to be read and discussed with group supervision and training sessions given by outside agencies in their related field of expertise.

Support staff include: (2) home visitors, nurses' aide, social worker/trainee and a placement coordinator. All support staff visit and assist each provider, contacting each home at least once a week.

Additionally, the design of this project includes a Center Meeting Day which brings together all children and staff in one location for recreation and the sharing of information each week.

Service will be available to those parents participating in EOPP. Children will receive a physical examination before entering the program through a local clinic. Meals will be furnished through USDA (school lunch program), with approved menus checked by the nurse and staff.

AFTER-SCHOOL PROJECT

The After-School Project seeks to provide recreational and educational activities under supervision to school-aged children who would otherwise be unattended by an adult or would prevent employment opportunities for the parent. This project is also designed to employ 20 EOPP participants to assist in the operation of the project.

Training will be provided to those participants hired as Aides for a minimum of one week prior to the enrollment of children. Bus drivers and driver aides will receive Class II License training, through the local vocational school.

The Project will operate at two sites in the Lowell vicinity, Monday through Friday for one calendar year, from the time school sessions end until 6:00 p.m. Of the two sites to be used, the School Department has provided space in acknowledgement of the potentially educational nature of the project.

The Recreational Aides and staff supervisors will attend on-going training sessions in the child development field. At present, a credential award system is being provided through Wheelock college. The award system offers individuals upon successful completion, a (certified) credential from the Child Development Associate Consortium, nationally known as CDA. The course is a two year program; however, efforts are being made to incorporate work experience, as practicum, to course work allowing individuals to complete training within one year.

It is desired by all agents involved in this effort, that after-school care can be offered by the school department to the community in the near future. The possibilities for expanding this project within the schools are optimistic at best and presumable will, contingent upon the project's success in the school system.

The project design is flexible, providing a variety of recreational and educational options. In addition to space provided for homework or reading, activities planned include, but are not limited to the following: (contingent upon available equipment):

. sports clinic
    . basketball
    . baseball
    . calisthenics
. creative movement
. arts and crafts
. drama
. cooking
. carpentry
. science projects
. musical instruments

Transportation will be provided for children to the after school site(s) and to their homes, dependent upon parent's arrival at home.

EOPP

WORK/TRAINING COMPONENT

SUBJECT: JOB CREATION/DEVELOPMENT

The following is a synopsis of developments of EOPP in the areas of job development and job creation both actual and potential as of this date.

I. OJT:

A contract is presently in effect with the Border Region Alliance of Private Industry Councils of Lowell to develop and support On-the-Job Training opportunities aimed at placing EOPP participants in private sector jobs, permanently.

This contract calls for the development of a minimum of 200 OJT slots during the contract period.

To date the Contractor has developed a potential slot pool in excess of 127 slots in a variety of private sector firms.

Below are some of the companies which have agreed to participate:

General Electric	- 15 slots	Harmon Paint Co.	- 1 slot
Boston & Maine	- 10 slots	Fletcher Co.	- 2 slots
Valve Service, Inc.	- 20 slots	Scopus Corp.	- 4 slots
Pelham Woodcraft	- 4 slots	Cartell Co.	- 2 slots
Tewksbury Wood Products	- 4 slots	Spray Tech.	- 2 slots
Gregston Industries	- 15 slots	EDC Medical	- 3 slots
Efficiency Products	- 20 slots	Walbert Plastics	- 4 slots
Shorter Systems	- 15 slots	Lovejoy & Sons	- 1 slot
Adage Co.	- 5 slots	TOTAL	127 slots

II. PSE:

To date the CETA PSE pool has been made available to EOPP clients where appropriate to client need.

Presently, there are approximately 47 vacancies in both PSE slots and projects.

Also on file are 122 Requests for Position. These requests originate from various city and town departments as well as Consortium area Non-Profit agencies.

III. TRAINING:

1. Transitional Employment Enterprises, Inc. has contracted with CETA/EOPP to employ and train 100 EOPP clients in a supported work environment. This program provides training and high support services to eligible clients in the areas of clerical and mechanical/electronic assembly.

2. Community Teamwork, Inc. has contracted with CETA/EOPP to employ and train 63 EOPP clients in various Day Care activities including home care providers, day care center workers, drivers and program staff.

IV. PROPOSALS:

In addition to programs currently in operation, there are many being considered as EOPP work/training sites:

1. Urban Revitalization, Inc. of Detroit, Michigan has proposed an Energy Conservation Specialist Training Program. In this program EOPP clients would be thoroughly trained in energy conservation techniques and theories while gaining hands-on field experience.

   Initially this program would serve 40 participants with potential for future expansion.

2. The Greater Lowell Visiting Nurses Association proposes to train and employ 20-30 Home Health Care Aides. All participants would be thoroughly screened subsequent to acceptance and then be thoroughly trained as primary health care providers servicing homeridden clients in need.

3. The EOP Program is also looking into the feasibility of implementing an Electronic Technician Training Program. It is estimated that 20-30 clients could be served by this type of program.

Impact that the EOP Program is having on the Welfare system at the local level and its effect on the Lowell area's welfare population.

The most significant conclusion to be drawn from our program experience to date is that AFDC recipients, on a large scale, can be successfully involved in the structured Job Search effort mandated by the proposed legislation.

Program wise, the residual benefits derived by the welfare system from the successful implementation of our Job Search program have been considerable. In addition to screening out approximately 15% of the area's welfare caseload that were abusing the system by working while collecting full welfare benefits, Job Search is facilitating clients acceptance of employment options that are readily available to them via their own resources. It is not uncommon for a client during the assessment process to be briefed on Job Search activities then decide to accept employment that is available to them rather than participate in Job Search.

The accomplishments of Job Search combined with our operational model which assures involvement of all eligible AFDC recipients in the EOP delivery system without allowing individuals to get lost in that system, has produced a very positive attitude among welfare staff. Caseworkers now energetically refer mandatory recipients and actively recruit volunteers for our program, confident their clients will receive quality employment services that will result in a gainful employment opportunity.

Prior to EOP, referrals of mandatory recipients to the WIN program were viewed by the caseworker as just another required paperwork task that accomplished nothing. Volunteer's were rarely encouraged to participate and the negative attitude that the welfare recipients"will never work" prevailed.

The positive attitudes being instilled in the welfare staff are filtering into the general welfare population. We have found that when confronted with a comprehensive program presented in a professional manner and administered on a equitable basis, Welfare recipients will respond in a positive manner. Recipients are accepting the reality that if they are employable they will be involved in our program and in most cases, are anxious to better their financial situation.

The dramatic increase in employment activity among the area's welfare population has not gone unnoticed by the community. Attitudes and negetive stereotyping are slowly being changed as welfare recipients earn their place as economically productive members of the community.

The Welfare Department is also gaining new creditability. The average taxpayer is encouraged by the news that something is being done to eliminate obvious cases of welfare fraud and that employment is being mandated as a method of reducing the welfare rolls.

PROFILE OF CLIENTS PLACED IN UNSUBSIDIZED EMPLOYMENT

*Male

Average time on Welfare	3.3 years
Welfare Savings	$350.03/month
Hourly Wage Rate	$4.31
Family Size	4.3
Age	30 years old

*Female

Average time on Welfare	6.7 years
Welfare Savings	$206.42/month
Hourly Wage Rate	$3.50/hour
Family Size	3.06
Age	33.5 years old

*Statistics computed based on 164 entered employments (private sector) through Job Search and Work Training Components.

Senator **Nelson**. Do you know what percentage of the employers take advantage of the job tax credit?

Mr. **Hurley**. We have found that more of them are taking advantage of it. We have had an active marketing activity in Lowell via the prime sponsor and via our PIC. informing individuals of the tax credit.

Senator **Nelson**. Well, how will the employer know? In other words, you say the applicants are not identified with your agency so they get the job without the employer knowing that.

Mr. **Hurley**. Right.

Senator **Nelson**. And then what happens? Subsequently the employer finds out?

Mr. **Hurley**. Most of the use of the tax credits has come in the regular CETA program and in placements after a subsidized activity. If somebody goes into an OJT situation, then after the OJT or supported work, they are taking advantage of the tax credit.

That is somewhat of a "Catch-22." I think you hit right on the nose, in the sense that it is a self-directed placement, if they go to the employer with the tax credit, with the voucher, and then they, in essence, are saying, you know, I am coming from a federally supported program.

And I hate to sound negative about it, but maybe we should do a better selling job of CETA or what-have-you, but employers do look somewhat askance at people coming from that system. We have found the self-directed placement to be much more effective than our standard job development practices, working with the job developer, getting the lead for the individual that we had used previous to initiating the job search activity that we presently use.

Senator **Nelson**. Do you have any way of knowing that the employer takes advantage of the job tax credit?

Mr. **Hurley**. I have talked to some of the employers in the area, and they are saying that they are using it. One large electronic high-technology firm has said they have used, not just in the Lowell area but in the Massachusetts area, 1 million dollars' worth of tax credits.

Senator **Nelson**. Mayor, do they use it in your program, do you know?

Mayor **Dumas**. Yes, sir; we do, Exxon. We have tried to get as many as we can to. Senator Long, as I told you, when he was in Louisiana the last time with us, when they came down and made their presentation of the first allocation of funds, recommended that.

And we are meeting with the chamber of commerce in Baton Rouge, working closely with them. We are trying to get as many of the industries in Louisiana, especially in Baton Rouge where we work, to take advantage of the tax credit. We think you just accelerate the program if you can.

Senator **Nelson**. Are they using it in your program, Ms. Eaton?

Ms. **Eaton**. We have been encouraging the participants to take the tax package out with them when they are searching for work. Like Neil's program, we have been emphasizing self-placement rather then a development of a job for a person.

As far as I know, they have been using it, but whether any employers have taken advantage, I cannot answer.

Mayor **Dumas**. May I say one other thing, Senator?

Senator **Nelson**. Yes.

Mayor **Dumas**. I have known you for a long time, and I have been coming up here since 1953 so I have quite a bit of experience here. I have been mayor of Baton Rouge going on my 16th year, and I think this is one of the finest programs.

It is tough being a mayor today, and without this kind of a program, it is going to make it tougher. I think without fear of contradiction, I know of no other program that we have ever participated in that is going to do more good for more people and that Congress is going to come out more ahead with than this program.

I think it is good. I hope you use your influence to approve this program, because it is good. Anything new like that, we are bound to make some mistakes. But I think that as we continue to work and to improve ourselves, this time next year we will probably have a lot better record than today.

We are talking about 50, 55 percent in Baton Rouge. We want to congratulate these people. If they get 76 percent, man, they are doing fine. This is something that I hope that you will really put your teeth into because everybody I have ever talked to, since I have been in Washington praises this program. You know, I am a great revenue sharing man, and you and I have talked about this before, so this is something that is going—I think if you save $2.2 billion, we will not have too much more to get for the revenue sharing.

I thank you very much. [Laughter.]

Senator **Nelson**. You are a good salesman.

Thank you all very much. We appreciate your taking the time to come and testify today.

Our next panel is Mr. Gary Walker, vice president, Manpower Demonstration Research Corp.; Rosalie L. Tryon, director, ADVOCAP, a community action agency and supported worksite in Wisconsin.

Now, if you would identify yourselves for the reporter.

STATEMENT OF GARY C. WALKER, VICE PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORP., AND ROSALIE L. TRYON, DIRECTOR, ADVOCAP, A COMMUNITY ACTION AGENCY AND SUPPORTED WORKSITE IN WISCONSIN, A PANEL

Ms. **Tryon**. I am Rosalie Tryon, executive director of ADVOCAP, Fond du Lac, Wis.

Dr. **Gueron**. Executive vice president, Manpower Demonstration Research Corp.

Mr. **Walker**. Gary Walker, senior vice president of the Manpower Demonstration Research Corp.

Senator **Nelson**. All right. Your statements will be printed in full in the record. You may present them however you wish. If you can summarize for the record, it would be helpful.

Mr. **Walker**. Mr. Chairman, for the past 5 years, the Manpower Demonstration Research Corp., has been engaged in overseeing the operations and research of a large-scale demonstration designed, in part, to provide new insights into the relationship between work and welfare. That demonstration is known as the supported work demonstration.

It was targeted at those with severe employment disabilities: Long-term AFDC recipients, ex-offenders and ex-addicts with very poor employment histories and out-of-school youth who had some contact with the juvenile justice system.

Its purpose was not to teach specific technical job skills but rather to instill in the participants the habits and discipline of the workplace and to provide them with a work record which would help them obtain and maintain regular employment.

The program was operated by locally based, not-for-profit organizations who employ supported workers for a maximum of 12 months. There are currently 19 of these not-for-profit organizations operating supported work around the country, each employing from 100 to 200 participants.

Supported work shares many features with other subsidized work programs like PSE and sheltered workshops, but it is primarily distinguished from those efforts by the following four characteristics:

First of all, every job offered a participant has implemented in its structure three basic programmatic techniques: Peer support, graduated stress, and intense supervision. Peer support primarily means that the work takes place in groups of from 5 to 10 people.

Graduated stress means that over the course of the year the productivity and attendance demands on the worker are gradually geared up so that, although they are very low at first, at the end of the 12 months, they approximate that of the normal work force.

Intense supervision means that there is one professional supervisor for every six to eight participants.

Second, each of these local programs offers a range of real work situations to which these programmatic techniques are applied. For example, most of the programs have construction work, such as rehabilitating houses for the elderly and poor. One program manages a public park. One has built and is presently operating a day care center. Several do weatherization for the elderly and poor. Several do manufacturing work such as furniture and concrete products for local municipalities.

The content of the work has been kept as real as possible.

Third, many of these worksites earn revenues. Around 20 percent of the operating costs of the supported work program is covered by revenues earned from the worksites. This means there is less public money required for this program. It also introduces a greater sense of reality and standards into the work, for both the program managers and the participants.

Fourth, one method of funding used by this program and a rather innovative one is welfare diversion, and that simply means that participant welfare payments have been diverted to the program and are used as part of their wage payments for work performed.

To determine the effects of supported work, a control group methodology was used. This is the first time that this kind of methodology has ever been used in an employment and training program, and it worked very simply. Eligible participants were randomly assigned either to an experimental group, which means that they got a supported work job, or to a control group, which means that they did not. Both the controls and the experimentals were followed for a period of up to 36 months, or around 2 years after the program had finished. A total of 6,600 people were followed.

Given the severe disabilities of this group, we did not really expect success for each of the target groups. The purpose of the research was to find out which, if any, of the groups, would benefit.

Parenthetically, I would note that in the planning phase of the program there was much discussion as to whether or not to even include the long-term AFDC group. Many people felt that they were so unlikely to succeed that we were better off not including them at all.

The full results of the supported work experiment are available in the MDRC board of directors report that is now out, but for the purpose of this subcommittee, I will focus on the AFDC results.

I think one of the major findings of the supported work demonstration is that the work ethic is not as dead as some would have us think, even among so-called unemployables. Supported work has employed over 3,000 long-term AFDC recipients. All of them volunteered for the program. There never was and there currently is not any shortage of volunteers for it.

It is also important to note in that respect that these were not your so-called regular AFDC recipients. Ninety-five percent of the AFDC recipients in the program were black or Hispanic. Only 30 percent had completed high school. Their average stay in welfare before coming into the program was 8½ years, and they all came from the WIN unassigned pool, which in short means that the WIN program had basically defined them as unemployable and had no existing services to provide them.

To come into supported work, they gave up a relatively certain income on welfare for a supported work job that was minimum wage, that was of limited duration, that had no guarantee of skills training, had no guarantee of a post program job, and once you included the fact that they lost welfare benefits, gave them only a very small increase in net income over what they would have had had they stayed on welfare.

Not only did they volunteer for the program; their in-program performance was excellent. Compared to the other target groups, the AFDC participants had an attendance rate in supported work of around 89 percent, compared to the other groups 80 percent.

Only 12 percent of them were fired for poor performance, compared to 38 percent for the other groups. They stayed in the program on average about 10 months, compared to 6 for the other groups, and they transitioned into regular jobs at a rate of about 40 percent, compared to 27 percent for the other groups. Only 11 percent of the AFDC volunteers left the program voluntarily to go back to welfare.

Most importantly, however, the long-term impact results of the program were significant.

In the research interviews done on an average of a year and a half after the experimentals had left the program, 21 percent more experimentals were employed than were controls.

They were working around 35 percent more work hours. They were earning 46 percent more income and receiving 23 percent less in welfare payments. Over the full 27 months, an average experimental in supported work had received $2,600 less in AFDC welfare payments and food stamps than did a control.

The cost benefit estimates for the program indicate that over the working life of a welfare recipient who participated in supported work, she will put around $8,000 more into the economy than what was spent on her in the program.

This is purely a quantitative cost benefit figure. It does not include any benefits that will accrue from her children watching her receive a check for work rather than welfare.

Equally important, the research indicated that the impact of the program did not diminish over the last year of the research study. From the 16th to 27th month after they came into the program, the differences that I stated above between the experimentals and controls stayed constant. Supported work had a lasting impact on its participants.

I think these results are impressive, and clearly indicate that even for long-term AFDC recipients we can operate programs that both reduce the burden on the taxpayer and increase the social usefulness and personal fulfillment of the AFDC recipients' lives.

However, there are two major caveats I would offer about supported work's usefulness as part of a comprehensive jobs program for welfare recipients. First of all, it is not an easy program to operate. It is part business. It is part social program. It has complex program requirements. In the demonstration, it was developed slowly in hand picked community-based organizations around the country.

It does not, as presently operated, fit well under any CETA title. Under current CETA regulations supported work could not operate as it has under the demonstration.

Second, it is not at all clear that all AFDC participants would equally benefit from this program. In fact, the research indicated that of those eligible AFDC participants, those least educated, who had been on welfare the longest and had the least previous employment benefited the most from supported work.

Our best estimate is that about 500,000 adult AFDC recipients, or 15 percent of the total AFDC eligible population, would fit the current eligibility requirements for supported work.

Senator NELSON. What was that number?

Mr. WALKER. Around 15 percent or one-half of a million people. So although supported work is not by any means the total bridge over the gap between work and welfare, it does provide, I think, one useful tool of demonstrated effectiveness to deal with one segment of the welfare population.

Thank you.

[The prepared statement of Mr. Walker follows:]

STATEMENT FOR THE RECORD FOR THE HEARINGS
ON
S. 1312, WORK AND TRAINING OPPORTUNITIES ACT OF 1979
OF THE
SUBCOMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR
OF THE
COMMITTEE ON LABOR AND HUMAN RESOURCES
OF THE
UNITED STATES SENATE

Gary C. Walker, Senior Vice President
Manpower Demonstration Research
Corporation, March 12, 1980

For the past five years the Manpower Demonstration Research Corporation has been engaged in overseeing the operations and research of a large-scale demonstration designed in part to provide new insights into the relationships of work and welfare. That program is known as the National Supported Work Demonstration. Demonstration operations began in early 1975 under the sponsorship and funding of the Department of Labor, the lead federal agency, the Department of Justice, Department of Health, Education and Welfare, Department of Housing and Urban Development, Department of Commerce and the Ford Foundation.

MDRC is a non-profit, publicly supported private corporation which designs, manages and evaluates programs to serve the economically disadvantaged. Currently MDRC is managing several programs beside supported work, including the Youth Incentive Entitlement Project Program, the WIN Laboratories Demonstration and, currently in the pre-operational stage, a multi-service program for teen-age parents. At some other time the Subcommittee may want to hear about these programs, since to varying degrees they deal with the work and welfare relationship. But my purpose here today is to discuss the supported work demonstration, since its five year research study and results are now complete.

Supported work is a highly structured work experience program designed for persons who have severe employment disabilities: long-term AFDC recipients, poor youth who are high school dropouts with records of delinquency, ex-criminal offenders and ex-drug addicts. It is a program operated primarily by locally based nonprofit corporations that serve as a bridge employer; that is, these corporations employ individuals who cannot function effectively in a normal job situation. They offer the supported workers jobs which can provide them with the type of experience and credentials necessary for entering the regular labor market and then succeeding in it. While supported work shares many features with other subsidized work efforts, such as public service employment and sheltered workshops, it is chiefly distinguished from other work experience programs by its high degree of structure and its reliance on three programmatic techniques designed to make participants initially comfortable with the world of work, and to gradually increase their ability to succeed in that world: peer group support, graduated stress and close supervision. The first of these, peer support, is based on the theory that most participants in a new activity feel less anxious about their performance in the presence of people with similar disadvantages or fears, and that a significant proportion of what one needs to know about a job is learned through peer interaction. Graduated stress stems from the idea that getting and keeping a regular job is too difficult for certain people because they cannot, at least initially, meet the ordinary demands of the labor market. Through gradually increasing performance and productivity standards, it attempts to bridge the gap between what supported workers can do and what a job ordinarily requires. Supervision, finally, represents the key link between the participant and the program, and is chiefly responsible for the development of technical skills, for instilling positive work habits and attitudes, and for providing advice on work and personal problems.

Workers enter the program at salary levels pegged slightly above or at least at the minimum wage. Good performance is rewarded by small salary increases and bonuses, and prolonged inadequate performance results in firing. The jobs developed for them are not "make-work"; they are tailored to meet both the needs of the local market and the potential capabilities of the supported worker. Each supported work program has a range of different worksites including construction work, such as rehabilitating old houses;

small manufacturing operations involving recapping tires or building furniture; managing a public park or operating a day care center; weatherization work for the elderly and poor. And although the initial standards of job performance and attendance are somewhat less than they would be in a private sector job, as the worker gains experience and confidence on the job these standards are gradually increased. The purpose of supported work is to instill in participants the habits and disciplines of work within a supportive structure so that he or she can ultimately develop into a bona fide worker, and then claim employment in a competitive society. Many participants are employed legitimately for the first time in their lives, and have their first real opportunity to develop two assets that are indispensable to getting and holding a job in the regular labor market: good work habits and a history of stable employment.

The work supported workers perform is not only "real" in terms of work content; it also emulates the private sector in that it earns revenues. About 20% of the operating costs of a local supported work project are covered by revenues earned from the production of goods and services. These worksite revenues are important because they reduce the public funds necessary to support the program; in addition, they give the supported work program managers, and the supported workers, a sense that what they are doing is of real value -- a customer, public, private or nonprofit, is paying for the work. Revenue-producing worksites have raised the standards of work and productivity for the entire demonstration. Currently about 75% of all work performed by supported workers earns some form of revenue. Income-producing work activities range from the manufacture of furniture in Hartford, to the winterization of homes in Wisconsin and West Virginia, to the maintenance of public and private buildings and facilities in Atlanta and New York.

Diversion of welfare benefits is another innovative funding source for supported work. Traditionally, our society has viewed such transfer payments solely as a way to provide income support to individuals and families who, for one reason or another, are unable to obtain full-time employment. It is altogether possible that income transfer payments can be used to help create employment opportunities through programs such as supported work on a more sustained basis.

The concept is quite simple: When persons receiving welfare are hired by a supported work program, they authorize the diversion of their income transfer payments to the program; those payments are then combined with other funds and used to pay wages for full-time supported work jobs. It is a concept which offers little risk and may produce substantial benefits. Recipients learn work habits and work skills while earning more money than they would have received directly from welfare. Recipients also have a better chance than they've ever had before to obtain permanent jobs and thus get off welfare completely. The income-maintenance system benefits because, with no additional financial outlay, it is investing in the production of meaningful goods and community services, and in job creation and job training which may lead significant numbers of long-term welfare recipients toward lives of self support.

AFDC benefits are now being diverted on a demonstration basis under the authority of § 1115 of the Social Security Act. As such, AFDC diversion requires site by site approval and is extremely complicated. There are a number of options available which could streamline this process and make it a more permanent fixture in an improved employment and income maintenance strategy. While this may require some changes in federal law or regulations, these changes are relatively minor and should probably be aimed only at the chronic AFDC recipient. Currently welfare diversion payments support about 50% of AFDC supported worker's wages.

To find out the effects of the supported work program experience on this group of individuals, a rigorous research and evaluation design was developed as a crucial and integral part of the national demonstration. Our intention was to implement a research design which would provide some hard answers about the effectiveness of supported work vis-a-vis welfare dependency, long-term earnings, recidivism, drug use and the like. To do this, for the first time in a national employment and training demonstration, a control group methodology was used. Through a random selection process, supported work job applicants were assigned to either an experimental group which was offered supported work employment, or to a control group which was not, although those in the control group were willing to work and eligible for supported work in all respects. Both groups were followed by periodic, confidential interviews for a period of up to three years. The total sample of people followed through this method was 6,616. Another major component of the research was a benefit cost analysis. This was a fairly straightforward type of economic value analysis which was to figure out what the program is worth to the taxpayer, to society at large, and to the participants themselves.

MDRC has been carrying out this nationwide supported work experiment in originally 15, and currently 19 local nonprofit organizations across the country. The sites currently employ about 1800 persons. As of December 1979, approximately 13,700 people had participated in the program. About 3000 of those were AFDC recipients. Of the total number of people in supported work, a fourth had never worked before, and the average number of weeks worked in the year prior to enrollment was just seven. Average annual earnings were $670; less than a third had completed high school. Over 80% were either Black or Hispanic. All members of the AFDC group, and a substantial percentage of the other three main groups were receiving welfare payments of some kind at the time of their enrollment. Over 40% of the AFDC group was living in public housing. Eighty six percent of the combined ex-offender, ex-addict and youth groups had been arrested at least once, and 43% reported having used drugs regularly. The ex-addicts averaged 2.5 years of incarceration prior to supported work; the ex-convicts averaged 3.7 years. That this segment of the unemployed is unarguably the group for which supported work was designed is underscored by a comparison with the population served by various CETA programs and by the WIN program, which show that the supported work population is far more disadvantaged as measured by length of continuous unemployment, educational level, minority status, prior criminal history and previous welfare dependency. Clearly a large portion of those working in the program form the nucleus of that somewhat difficult to define term: the underclass of American society. They are those considered alienated from the normal work ethic, and very difficult to place in employment.

Given its experimental purpose and the severe handicaps of the groups to whom the program addressed itself, it was not expected that supported work would be successful with all or even a majority of its target groups. However, one of the research aims was to learn which group benefited more, which less and which not at all. The destructiveness of poverty, poor education, discrimination, and high unemployment cannot be expected to yield entirely to an employment intervention of a year's duration. But it was possible, so the initial hypothesis held, that an investment of $5,000 to $8,000 per person might yield good enough results for a sufficient number of these individuals to justify the expenditure. This hypothesis took into account not only the high cost of long-term transfer payments for some of these individuals, but also the fact that the criminal and other anti-social behavior of ex-addicts, ex-offenders and delinquent youth often entails other serious costs to society than dollars.

After five years, these are the highlights of the results:

.The program has proved most effective in preparing for employment a substantial number of women who have been on welfare (AFDC) for many years. The program led to significant increases in employment rate, hours worked and earnings, and a significant reduction in welfare dependency, both while the experimentals were in the program and after they had left it. This is important in view of the large number of women in this category and their dependence on public assistance.

.The program also has had an impact on a significant segment of the ex-addict population, who did better in getting jobs and in earnings than members of a control group who were not in the program. In addition, the ex-addicts in the program were less prone to commit drug-related and other crimes than those who were not.

.The program has a marginal impact on ex-offenders. They did not show less criminal behavior, and their rate of employment and earnings was only slightly better than those of ex-offenders who did not participate.

.The program did not yield long-term positive results for the youth group.

The full results for all four target groups are detailed in the MDRC Board of Directors report Summary and Findings of the National Supported Work Demonstration, which is appended in draft form to this testimony. However, because the Subcommittee's hearings are on the employment-related needs of the AFDC eligible population, I will focus my comments on the supported work findings regarding the AFDC group, and their implications for the relationship between work and welfare. But first, let me note two special features about the AFDC recipients participating in the supported work program: first, they all volunteered for the program. None were coerced, and none lost their benefits if they decided not to enroll or continue in supported work. Second, these were not "ordinary" AFDC recipients. The eligibility criteria were set so that only those recipients who were the least employable could participate in supported work. Ninety five percent were either Black or Hispanic; 75% had not held a full time job in the past two years. The average number of dependents was 2.2;less than one-third were high school graduates. The average AFDC recipient in supported work had been on AFDC eight and one half years prior to enrollment in supported work. She had been placed in WIN's "unassigned" pool, which means, in short, that WIN did not think she was employable, or that any available WIN services would make her so.

One of the most important facts to emerge from the supported work program has been that large numbers of AFDC recipients who are widely considered unemployable are, in fact, willing to take jobs when they are given the opportunity to do so, and when those jobs are structured and presented so as to support, not intimidate, the applicant. Furthermore, they are willing to accept jobs that pay the minimum wage or only slightly more, jobs which have no guarantee of skill training, jobs which offer little promise of advancement, and jobs which for the most part must be described as low-skilled and entry level. They are even willing to accept such employment knowing it will last no more than 12 or 18 months. In agreeing to participate in supported work a woman at the least exchanges a certain, if not comfortable source of income-- welfare-- for an uncertain work furture. Yet the demonstration did not lack for AFDC volunteers. The conclusion can only be drawn that there is no immediate shortage of eligible and willing AFDC participants for a type of program like supported work.

Not only do these long-term AFDC recipients readily volunteer for Supported Work, they perform very well in the program. While in the program, the AFDC group had the highest attendance rate -- 89%, compared to about 80% for the other groups, and the lowest percentage of firings -- just 12%, compared to the other target groups' average of 38%. The AFDC women also stay in the program longer than any of the other target groups; their average time is 9.5 months, compared to about 6 months for the other target groups. About 40% have gone on to permanent, unsubsidized employment, compared to about 27% of the other target populations. Only 11% have left the program because they didn't like the work experience, and presumably preferred to remain on welfare.

But most important and significant are the research findings regarding long-term impacts. The AFDC group, both controls and experimentals, were followed up with interviews for 27 months after their initial enrollment in supported work. Since AFDC participants averaged 9.5 months of program stay, the last wave of interviews, at 27 months, were conducted 17.5 months -- about a year and a half -- after the average experimental had left the program. By comparing the interview results from the control group -- those AFDC recipients eligible for supported work, and who volunteered for it, but were randomly assigned not to enter supported work, with those of the experimental group -- eligible AFDC recipients who volunteered for supported work and were randomly assigned to enter supported work, we arrive at the following significant findings:

- About 21% more experimentals than controls were employed in the 19 to 27 month post-program period.
- The experimentals worked about 35% more hours per month than the controls in the 19 to 27 month post-program

period.

- The experimentals earned about 46% more in income from work than did the controls in the 19 to 27 month period. Note that the percentage difference in earnings from work is greater than the percentage difference in hours worked, indicating that those AFDC recipients who had participated in supported work not only worked more, but found higher paying regular jobs than did the controls, who had not participated in supported work. Further, the percentage difference in income was continuing to increase as time went on: during months 25-27 the experimentals' average earnings exceed the controls by almost 50%. In months 25-57 the average employed experimental was earning $4.01 per hour, compared to $3.66 for the average employed control.
- The experimentals received on the average about 23% less in cash welfare payments than the controls during the 19 to 27 month period. Twice as many experimentals as controls had left the welfare rolls entirely. The average welfare benefits for those experimentals remaining on the welfare roll were lower than those for the controls. About 50% more experimentals than controls had given up their Medicare cards by the 19 to 27 month period.
- Over the 27 month period the average experimental received $2600 less in AFDC payments and food stamps than did a member of the control group.
- Cost-benefit estimates indicate that supported work generates, over a participant's working life, about $8000 more in resources per participant than it uses up. This positive result comes about primarily as a result of

the value of the work performed in supported work, and the difference in earnings between experimentals and controls. Moreover, the taxpayer benefits from the large reduction in the participant's welfare payments, their reduced use of food stamps, housing subsidies and Medicaid, as well as the taxes they paid on their supported work and subsequent earnings.

Even these positive cost-benefit findings do not attempt to measure or take into account the positive and enduring effect on older children and teenagers of seeing their mother earn her income, not wait for a welfare check.

The research results not only demonstrate the success of AFDC supported work participants -- they also indicate the durability of that success. The difference between the experimentals and controls were of course greatest during the first nine months, when most of the experimentals had a supported work job, but the data also indicates that after month 16 there is no further decline in the program's impact. Supported work had a durable impact on AFDC employment behavior.

The research results also confirm that the AFDC group often works despite substantial financial disincentives. Because welfare benefits are reduced as earnings increase, the experimental-control differentials in total income are much less than those in earnings from work. The real income of the AFDC recipients employed increases by less than 50 cents for each dollar earned. The average AFDC experimental, although she earned from work 46% more in income than her control counterpart, had only 6% more in total income when the control's larger welfare benefits are taken into account.

* * * *

The research findings are unequivocal that supported work has a significant impact on the long-term employment, earnings and welfare payments of eligible AFDC recipients, and that the measurable benefits to society and the taxpayer considerably outweigh the costs. They indicate that substantial numbers of long-term AFDC recipients will voluntarily work rather than subsist on welfare, even though the additional income they receive is not considerable. The work ethic is not so dead as some would have us believe, even among what would appear to be the least employable of our society.

However, these results were achieved by a carefully planned, highly structured program which averaged between 100-200 participants per local project. About 65% of the public monies that supported this program went toward participant wages; the other 35% supported the management, supervision and worksite expenses required to implement a program with the degree of support and "real work" worksites necessary to impact the participants' lives positively. The current CETA regulations and modus operandi would not permit the kind of careful programmatic and worksite development, and allocation of expenses, that supported work requires.

Even with the careful programmatic development that supported work enjoyed, the AFDC participants were far from a wholesale success. The successful research results are from a comparison of the experimental and control groups, and are largely a result of the poor performance of the control group without supported work, not the outstanding performance of the participant-experimentals. For example, 40% of the AFDC experimentals were employed in regular jobs 27 months after supported work enrollment; thus 60% were not, and continued their previous dependence on welfare. Of that 60%, many had successfully graduated from the supported work program but either would not accept a regular job or could not find a regular employer who would accept them. The local operators found that the AFDC group, although composed of varying skills and motivations, was usually marked by one common characteristic: lack of confidence. They found it took a considerable amount of time -- 9.5 months on average -- supervision, and support to build that confidence in readiness for the competitive job market. Even then, about 25% could or would not go to a regular job. These figures do not take away from the success of the supported work demonstration -- the controls obviously did significantly worse, even with the availability of other CETA and WIN services -- but indicate the length of time, degree of effort and complexity involved in impacting this population. The current support work projects are now developing further techniques, on top of an already sophisticated and complex program, to reduce this 25% of "successful" supported work participants who do not thereafter enter the regular job market. One way is simply more time: several of the supported work programs were allowed to retain participants 18 months, rather than the usual 12, and these programs had much lower percentages of women who succeeded at supported work but did not transition to a regular job. The process of building confidence in a long-term welfare recipient can be a lengthy and intensive process. Even then, it may be that there is a group who could produce and earn in supported work, and could do so quite well for the rest of their lives, but could never successfully maintain a regular job. The figures also indicate what are realistic, though perhaps uncomfortable to accept, measures of success.

The supported work research also found that the AFDC subgroups on whom the program had its greatest impact were welfare mothers who were older, had not completed high school, had been on welfare a particularly long time and had no prior work experience. For these women the programmatic techniques of supported work -- peer group support, graduated stress and intense supervision -- seemed to make the greatest difference on building the confidence and work habits necessary to get and obtain a regular job.

Thus the complex and intensive program features, and lengthy enrollee participation, of supported work, though probably absolutely necessary for some portion of the AFDC group, are not necessary for others, and for yet others will still not lead to regular employment. Any comprehensive program designed to deal with AFDC recipients as a broad category must be prepared to deal with the vastly different needs and qualities existing in that group. Our best estimate is that about 16% of current AFDC participants would be eligible for supported work under current eligibility standards.

The supported work AFDC results are very positive and successful in themselves, and clearly indicative of the usefulness of carefully replicating and expanding supported work to reach more long-term AFDC recipients. They are also a good and solid first step in our national effort to understand how to reduce the substantial welfare burden on the taxpayer, and increase the social usefulness and personal fulfillment of the lives of an increasing segment of our population -- AFDC recipients.

Because of the supported work research results, the MDRC Board has recommended that the Secretary of Labor seek in 1980 an amendment to the CETA legislation that would establish supported work as a national program.

Senator **Nelson**. Ms. Tryon you may proceed.

Ms. **Tryon**. Thank you very much.

Senator, I am glad to be back saying we did get the research findings. My name is Rosalie Tryon. I am the executive director of ADVOCAP, a community action agency in Fond du Lac and Winnebago Counties in Wisconsin.

For 5 years, each and every time I see the Senator I usually say "thank you" for the help we are getting, and then I say "when the results are in, you are going to see what an effective tool supported work is."

The results are in and they are proving that supported work works. I would like to first start out by saying I work for poor people. They consistently select economic self-sufficiency as a major goal, and so the poor people of America definitely join you when you propose a means to help them use work and training to acquire economic self-sufficiency.

Almost no one likes being on welfare. Most people like to earn a living. They need ways and help to do that. I really want to talk about supported work because it is a now proven successful way for the least employable people to get the extra job structuring that helps them build confidence, good work habits, skills, and a work record.

I agree with Gary that supported work is like penicillin, and if aspirin will do, you should not use it. I think it really works best for the most difficult people and probably should be selectively aimed at very serious populations who have problems with employability. For them it makes a real difference!

The 5-year research offers very strong evidence that a bridge of the supported work kind of work experience does reverse a record of failures and it does lead to private sector jobs. Most times that I have discussed supported work with you, Senator, I have been doing it to explain how to get weatherization done or how a community can rehab houses or how the needed work and services of the community can be accomplished.

Employment development is the other half of supported work: The double role is frequently called "dual social utility," and I consistently call it "more bang for the buck." The same dollar that is training people to take a successful first look at a job also produces community work without much more additional expense.

So the taxpayers, even the most conservative ones, like the program. It saves money. It is very practical. Communities like the program. It is a way of getting work done that would not be done otherwise. People really like the program because they are enabled to experience their first job success and then to build their next success upon that one.

We served four target groups. They were the exoffenders, the dropout youth, the mental health group, and the welfare mothers. The ADVOCAP program was the only one that concentrated on former mental patients or people who, because of mental or emotional problems have failed to have a good work record.

The mental health group was not a part of the research because it was such a small group and it was served only at the ADVOCAP site. They did as well as welfare mothers. I really believe that the mental health population of former mental patients absolutely benefits from supported work, and that is a whole other subject. I just always have to throw that commercial in as I go.

Let me tell you a little bit about how the record went as we tried to place people. In our area, very few people stay on welfare more than 2 years. The average person uses the welfare system for less than 2 years in our part of Wisconsin. So we found relatively few people who had been on welfare for 30 out of 36 months.

In almost all cases, they had been on 5, 6, or 7 years. So welfare recipients either made it off relatively soon or else they really stayed. The people we worked with were a relatively small number. We only had 36 people from the AFDC target group.

But 48 percent of them got jobs, and they are keeping the jobs. And many of them have been promoted since they have been on their new jobs. So something happened to change a pattern of complete unavailability for work to a successful movement into the next job.

Senator NELSON. How long had those 36 people been without a job on the average?

Ms. TRYON. Five, seven, eight years. Almost none had worked within the last 2 years for more than a month or so. Ninety-four percent of them had worked at one time or another, but it was almost always babysitting or helping out with odd jobs or very short or very part-time jobs.

The longest any of them had ever held a job in their lives was 13 months. Most had not worked in the last 2 or 3 years other than to help a friend or on some little erratic part-time job. Babysitting for each other would be about the extent of their work. So almost none had any substantive work record.

Forty-eight percent to jobs that means 15 long-term welfare recipients got jobs. Seven are still in the program and we are expecting some of them to get jobs. One went on to further education.

While the sample is small, it corresponds exactly with the much larger national sample. Our experience also said that the people who were on welfare the longest did the best. The average age of our AFDC enrollees was 37.1 years.

Twenty percent of those people had handicaps—physical handicaps—that presented employment barriers in addition to welfare dependency.

Interestingly, of all the supported work people that we serve, 89 percent had never received manpower services or training, though nearly all had looked for work repeatedly and had been refused repeatedly. That mostly means that they just—well, the simplest I can say is that employers did not accept them even when they were available free through public service employment, or adult work experience.

While you need a range of programs, if you are going to benefit the people who have the most severe problems, you really have to structure an in-house way in which to do that.

We think that the peer group connection with other people and the very close warm supportive supervision and the very regular feedback make all the difference in the world to a person's ability to gain a confidence along with work experience.

SUPPORTED WORK RECOMMENDATIONS

The MDRC report recommends that the findings on AFDC are good enough that funding for this target group should definitely be continued. I concur. I do not believe supported work would be necessary for all AFDC recipients but the most disadvantaged half, defined by staying on welfare the longest, having the least education, I think probably could benefit most.

I also think if supported work focuses on the most severe 15 percent, there is simply no way in the world that that would not be a bargain to America.

We think that supported work's success with former mental patients has been outstanding, but there has been no comparison research data.

I would hope that we could expand sites and support some broader experiments with both mentally retarded and formerly institutionalized mental patients. They are target groups that supported work is particularly well suited to serve and work with.

I would like to suggest that as welfare reform approaches are examined, supported work be considered one important tool in an entire tool kit of interventions, and that this tool is permitted to be as thorough as it has been.

Senator NELSON. What was the total in your program?

Ms. TRYON. Well, we served altogether 811 people in the 5 years. Welfare recipients were added late so there were only 36 of them.

Senator NELSON. And when did you program start?

Ms. TRYON. 1975; we were one of the first pilot sites. So we have completed 5 full years.

Senator NELSON. How many were placed into private sector employment?

Ms. TRYON. I will have to respond in two stages. First of all, 274 people were placed in jobs. About 250, or a little over 90 percent of the jobs were in the private sector.

Senator NELSON. And what about the rest of them?

Ms. TRYON. The ones that did not get jobs? Let me refer to my materials.

Senator NELSON. It is in your statement?

Ms. TRYON. Yes. We employed 810 people in supported work. 679 have terminated from the program. 274 went to a job. Forty-five went on to further education. One hundred and fifty-two did not get jobs. They resigned. They quit. We fired 175. And 33 people had forced graduation, meaning they reached the end of their permissible time of either 12 months or in selected cases 18 months.

There are failures. The definition of supported work eligible people insured that almost 100 percent were expected to fail. Nearly all referal agencies sent us people they felt could not get jobs, had zero placeability. The unassigned pool in WIN really does not mean unassigned. It really means nobody quite knows any way to connect the people with jobs.

Supported work employs people that were referred because no one thought they could hold jobs. Then when you end up with over 40 percent placed out in permanent jobs, you have really made a significant difference.

Senator NELSON. Thank you very much.

Ms. TRYON. Thank you for the opportunity to come, Senator.

Senator **Nelson**. We appreciate very much all of you taking the time to come and testify today.

[Statements supplied by Ms. Tryon follow:]

TESTIMONY ON THE SUPPORTED WORK PROGRAM

PREPARED FOR

THE SENATE LABOR AND HUMAN RESOURCES SUBCOMMITTEE ON

EMPLOYMENT, POVERTY AND MIGRATORY LABOR

PRESENTED BY

ROSALIE TRYON, EXECUTIVE DIRECTOR

ADVOCAP, INC.

FOND DU LAC, WI

MARCH 12, 1980

WASHINGTON, D.C.

My name is Rosalie Tryon. I am the Executive Director of ADVOCAP, Inc., a Community Action Agency serving Fond du Lac and Winnebago Counties in Wisconsin. As an anti-poverty agency, for the past 14 years, we have focused major efforts on enabling poor people to move toward economic self-sufficiency. Since the majority of people involved in planning, developing and policy-making at ADVOCAP are poor people, it should be understood that the important goal of self-sufficiency is a poor people's goal. Work and training opportunities are regularly identified by our people as absolutely critical elements of personal and family self-sufficiency. We have, therefore, concentrated major Agency energies in manpower programs . . . and focused especially on demonstration and pilot programs in an attempt to find the most constructive and effective means to help dependent people attain greater independence.

The purpose of S. 1312, the administration's welfare reform bill, aims at the same results . . . "to provide work and training opportunities to assist families to become economically self-sufficient."

The goal of self-sufficiency has been evident in much legislation beginning with The Economic Opportunity Act and continuing through CETA and various amendments and titles. Many people do get jobs through programs like work experience, classroom training, public service employment, etc. These programs work best for unemployed people who are most ready to connect with the job market.

There remains a core of people, including welfare recipients, who cannot break out of the cycle of dependency without a well-designed and carefully structured opportunity that enables them to build confidence, good work habits, marketable skills and employment records.

Forcing them into the labor market is unfair and futile. They simply do not get hired often, and if they do, they frequently fail.

In 1974, ADVOCAP had the opportunity to begin planning a very special manpower program for this group left behind. The program that developed was Supported Work and we became one of the early pilot programs. Operated by the Manpower Demonstration Research Corporation of New York, the 5-year research that accompanied the demonstration is offering convincing proof that a successful and effective "bridge of work experience" can be structured in such a way that it enables many people with a history of job failure to reverse that record and become increasingly self-supporting. For welfare mothers, the program was a resounding success. We found the same very positive results for the target group of persons with mental and emotional problems.

Supported Work ideally should precede the job search proposed in the welfare reform bill.

WHAT IS SUPPORTED WORK

Supported Work is a job creation, work experience program which employs severely disadvantaged persons to do useful community work.

Supported work puts marginally employable individuals in low-stress, transitional jobs. Participants generally work in small crews with peers from similar backgrounds in a variety of blue and white collar settings. Some are employed legitimately for the first time in their lives and get their first real opportunity to develop two assets that are virtually indispensable to get and hold a job in the regular labor market: good work habits and a history of employment.

The Supported Work environment, while holding to conventional standards of quality, provides for a flexible approach in placing responsibility and demands of productivity on the participants. Productivity and stress levels are set according to the individual worker's experience and performance, providing a reasonable chance for a participant to gain confidence in his or her ability to handle the responsibility of a job while acquiring new skills.

Supported Work, therefore, enables participants to learn the importance of attendance, punctuality, the ability to get along with others and similar requirements of regular employment. In addition, participation in the program provides the supported worker with an employment record showing his history of absences, tardiness, promotions, bonuses, and raises. After a certain amount of progress in Supported Work, the participant is encouraged to seek a job in the open labor market. For many of the supported workers it will be the first time in their lives that they don't risk an automatic turndown. The Supported Work Program is based on the assumption that the hard-to-employ, just like the regular workforce, have been in the position expressed by the adage "you have to have a job to get one."

The work done by the Supported Worker contributes to the community. ADVOCAP's Supported Work Program crews weatherize and insulate homes of the elderly and low income people and repair and rehabilitate houses and furniture. They perform printing, secretarial and clerical work and manufacture storm windows and wood products.

The dual agenda of enabling people to become more employable and producing goods and services needed in the community have been strongly endorsed by both taxpayers and Supported Workers. Taxpayers get double effectiveness during the short run, and the research findings indicate that especially for welfare recipients, the long-term cost benefits continue. Supported Workers like to contribute, need to know that they are producing real work of value.

I have included a more detailed description of Supported Work and how it works in Appendix I (the yellow pages) and in Appendix II provide detail on the Step System used to appraise and evaluate workers' progress toward independence and readiness for the job market.

The National demonstration concentrated on four hard-to-employ groups:

women on Aid to Families with Dependent Children (AFDC) for many years;
ex-addicts;
ex-offenders;
young school drop-outs.

Additionally, all were unemployed and had poor or non-existent work histories.

ADVOCAP is surrounded by mental institutions and early identified a group with great needs and little prospects of job success. They are persons with chronic employment difficulties as a result of emotional problems, mental illness or personality disorders. We are proud to note that this group became known as the "mental health group" rather than the mentally ill. They have succeeded exceptionally well in the program.

The careful eligibility criteria meant that all the sites of Supported Work concentrated on individuals with severe employment problems. Eighty-nine percent of our workers had never received other manpower training services. All predictions for success were pretty close to zero, both in the views of the enrollees and in the minds of referring agencies.

Forty percent of the Supported Workers graduated to jobs--nearly always in the private sector. During the five years ending January 1, 1980, ADVOCAP's Supported Work Program hired a total of 810 persons. Seventy-seven are still in the program. To date, 679 persons have been terminated--273 to jobs, 47 have gone on to further education, and 359 have negatively terminated from the program.

The AFDC mothers were added as a target group in 1977, so we have shorter experience with a smaller group. Our experience very much supports the national findings. Fifty-one percent of all welfare recipients transitioned in a positive way. Forty-eight percent went on to jobs and three percent to further education.

Our Supported Workers who were AFDC recipients tended to be older, with an average age of 37 years. Twenty percent had handicaps and six percent were ex-offenders. Fifty-nine percent had less than a high school education. Two-thirds had never been married, with the remaining one-third divorced or widowed. They averaged 2.7 dependents, with 18% having more than 4 persons in the family.

Ninety-four percent of the AFDC enrollees had worked at some time in their lives . . . most often at part time, temporary or very low skilled jobs.

The graduates who took employment were predominately located in the private sector with salaries ranging from minimum wage to $5.42 per hour.

While the new jobs were at or near entry level in most cases, many were in occupations with stable and high paid futures such as electrical assembly and inspection, foundry worker, bookkeeper, food service manager and seamstress/tailor. Several graduates have been promoted since starting their new jobs.

Prior to Supported Work, nearly all of the AFDC enrollees had sought work, but had not been hired. They most often joined the ranks of discouraged workers and stopped trying. The longer they stayed out of the job market, the more fearful they became of leaving home for work. Supported Work was seen as a different kind of opportunity because of the combination of training, work experience and supportive services so urgently needed.

Since the welfare reform bill is specifically focused on enabling welfare recipients to become self-sufficient, I'd like to share some of our observations about the AFDC individuals in our program.

They are good workers. They want to work. They value independence, and nearly unanimously look forward to a time when they will not be dependent upon public assistance.

But they do head families as single parents. They have sole responsibility, in most cases, for the care, training and nurture of their children. Few receive support with any regularity. Few enjoy "welfare status." They yearn for economic independence and self-sufficiency, but have found precious few governmental programs effective in making that goal attainable. The welfare reform bill before you does not define a "good job" but instead would require accepting any job at minimum wage. Few men would find that a constructive step and welfare women cannot stretch too few dollars to support families any better. In our experience, and the national experience matches it, female heads of households are willing to work for very small financial gains (but they must be gains) in preference to the social scorn of continuing on welfare and suffering the governmental interference in their lives associated with being on public assistance.

Supported Work, at minimum wage, was voluntarily accepted and used well by welfare mothers because it was accepted as a "supported and supporting" first step leading to acquisition of the skills, work record and experience that would open doors to better jobs.

DESIGNING FOR SUCCESS

Welfare mothers lack confidence in their ability to get a job. They worry about managing their families as single parents while meeting the demands of a job. They are unsure of job skills, and fearful of disrupting the very modest security provided by AFDC.

This attitude of doubt can be changed to one of confidence, but only through success. Supported Work is structured to encourage success from the very first day. Work tasks are structured to enable their completion under modest standards. Prompt consistent feedback applauds accomplishments and corrects work-related problems in a supportive way. Supported Work employees participate in the evaluation of their work and learn how to rate themselves and their work accurately. This often provides a welfare recipient with a first view of herself as a competent employable person. The next steps become possible with this start.

REGULAR FEEDBACK IS ESSENTIAL

Participants respond well to job structure . . . it gives them a sense of security. The regular feedback and positive reinforcement which are built into the program encourage and enable the worker to practice skills that are needed to get a job and to find satisfaction from paid work. The AFDC target group responded most positively to this job structure and feedback.

The Supported Work National research findings are available. I would urge your careful study of the entire report and believe it represents new knowledge and provides carefully analyzed elements that must be built into our manpower policy.

In the Summary and Findings of the National Supported Work Demonstration, the Board of Directors of MDRC proposed the following recommendations which I strongly support.

1. Immediate action should be taken to launch new or expanded supported work programs for AFDC mothers and former drug abusers in interested communities, and to do so in close cooperation with the CETA, WIN and drug-abuse treatment systems. Cost-benefit analyses clearly point in that direction. The new or expanded programs should be implemented in a carefully designed and phased manner, consistent with national management and information needs and capacities.

2. Even where the cost-benefit ratios are equivocal of unfavorable, as is the case with the ex-offenders and youth groups, continuation of a modified type of supported work may, in the absence of demonstrably better alternatives, be a viable intervention strategy. The findings of surveys show that the American people strongly feel employable persons ought to work rather than live off one or another form of income transfer. The use of supported work for these hard-to-employ groups must be assessed in the context of the other options available to them.

3. The Secretary of Labor should (a) seek early in 1980 an amendment to the CETA legislation that would establish supported work as a national program, (b) request funding to double the size of supported work and to cover costs not available from local sources and from the sale of goods and services produced by supported work enrollees, and (c) move to establish an appropriate instrumentality, either within an existing non-profit organization or one especially created for that purpose, to work with prime sponsors and to assume the oversight and management responsibilities carried out so far by the Manpower Demonstration Research Corporation. The management information and fiscal systems currently being utilized by MDRC would be available to any such successor organization and would facilitate the transition to an ongoing national program.

4. The Secretary of Health and Human Services should seek legislative authority to allow the diversion of welfare allowances into wages for an expanded supported work program. The marked success of the AFDC group and the fact that the diversion of welfare allowances accounted for half of all wage payments to this group points to the desirability of this recommendation which should be limited to persons on AFDC who volunteer for work.

5. Provision should be made to continue on a selective basis research on the supported work program so as fully to exploit the data that were produced by the demonstration. This should include a further limited follow-up effort to determine the longer-term impact of the program on employment, earnings and criminal activities. The research design and the extensive records that are available make it possible to do this.

6. The potential of supported work for new groups, such as the mentally retarded, former mental patients and other hard-to-employ groups, should be assessed and, where appropriate, implemented as part of an expanded supported work program.

7. The demonstration techniques that proved themselves in supported work, coupled with a rigorously applied experimental research methodology and supported by a strong management information system, should be utilized in the future. They offer an effective strategy to gain knowledge about the potential and the limitations of promising social programs and should be brought into play before policy-makers move to enter upon large-scale national replication.

I believe that the very positive results of Supported Work can be replicated. It will require the same kind of centralized standards, technical assistance and support that was provided by MDRC. I believe that much of the success can be attributed to the careful planning that preceded Supported Work and to the community involvement that ensured the development of work sites compatible with community needs.

I would again urge that Supported Work be developed further, particularly for welfare recipients. It might be an alternative to the first step of job search proposed (at much lower cost to the public) or it might well be designed as a step to Precede the activities planning in the jobs programs aimed at providing training and work opportunities to assist families to become self-sufficient.

I would be happy to answer any questions.

APPENDIX ONE

Description of Supported Work Program

ADVOCAP SUPPORTED WORK PROGRAM: A BRIEF SUMMARY

March, 1980

WHAT IS SUPPORTED WORK

A job creation program which employs severely disadvantaged persons to do useful community work. The Program is operated in Fond du Lac and Winnebago Counties by ADVOCAP, Inc., the Community Action Agency serving these areas. The ADVOCAP Program is administered nationally by the Manpower Demonstration Research Corporation which was established with the support of five federal agencies led by the Department of Labor and the Ford Foundation.

In Wisconsin, ADVOCAP, the Manpower Demonstration Research Corporation, the Community Services Administration, the Winne-Fond CETA Consortium, and numerous other supporters have formed this unique partnership called Supported Work to address a number of priority concerns of both private and governmental sectors. These include:

- Entry or re-entry into the mainstream of society through work for the severely disadvantaged with appropriate support services provided to encourage self-sufficiency;
- Reduction in crime and delinquency; and
- The delivery of socially useful goods and services.

HOW DID SUPPORTED WORK BEGIN

In 1974, 19 agencies around the country were given six month planning grants to develop the supported work concept for the marginally employable--ex-offenders, ex-addicts, long-term AFDC recipients, and 17 to 20-year olds out of school, yet lacking a high school diploma.

In 1975, 13 agencies, including ADVOCAP, Inc., were selected for three-year demonstration projects. The ADVOCAP Supported Work Program was designed especially for persons who had experienced chronic unemployment as a result of mental or emotional illness. Initial National funding for the projects came from the Department of Labor; Health, Education and Welfare; Housing and Urban Development; the Law Enforcement Assistance Administration; the National Institute for Drug Abuse; the Economic Development Administration; and the Ford Foundation. These agencies combined resources to form the private, non-profit Manpower Demonstration Research Corporation (MDRC) which administers and coordinates the Supported Work projects nationally.

WHO DOES SUPPORTED WORK SERVE

The national research and demonstration program is designed especially for people who generally have the hardest time finding and keeping jobs. This sub-population is currently being defined as the "underclass." The specific target groups served include: persons with a history of mental or emotional problems; ex-offenders; out-of-school and delinquent or near-delinquent youths; and long-term AFDC recipients.

ADVOCAP Supported Work Program provides job opportunities for approximately 240 participants each year. The Program serves a double purpose in that it provides jobs for disadvantaged persons, while at the same time assuring that needed work in the community--such as housing rehabilitation and weatherization services--is being done.

UNIQUE BENEFITS OF SUPPORTED WORK

Supported Work is an innovative manpower demonstration project which combines four unique goals:

1. Changing the behavior of the most severely unemployable potential workers into acceptable, successful work habits that private employers buy;
2. Doing the needed, useful and socially desired community work which, until now, has been universally acclaimed but largely undone;
3. Integrating both public and private funds from local, state and federal levels, into a single cohesive and thoroughly melded package which does a big job without any of the duplication and gaps endemic to "patch and piece" conventional funding systems; and
4. Creating new jobs and new business ventures which provide new work instead of chasing the ever-diminishing public sector slot.

SWP PROVIDES NEEDED SERVICES TO COMMUNITY

Supported Work benefits not only the employees of the Program, but also provides needed services to the community as well. Supported Workers working in one of the four clustered work projects provide services to the community in the following areas:

1. Rehabilitating the homes of the elderly, handicapped and low-income homeowners.
2. Weatherizing and energy rehabilitation services for the homes of low-income disadvantaged persons.
3. Repairing and upholstering furniture and manufacturing wood products and storm windows.
4. Providing secretarial, offset printing, binding, and collating services to ADVOCAP, Supported Work and other community service agencies.

HOW SUCCESSFUL IS SUPPORTED WORK

The success of Supported Work thus far is illustrated by the fact that 40% of all participants terminated from the Program have been placed in jobs. Another 7% have gone on to some type of further education to increase their employability. While placement rates are one indicator of the Program's success, other less quantifiable factors include:

- Personal growth toward self-sufficiency experienced by Supported Workers;
- Needed community work is being accomplished; and
- New business ventures are being developed to fill the gaps in the community service structure.

As of January 1, 1980, the Program has received 1,113 referrals from the community. A total of 810 people have been hired into the Program and 77 are presently in the Program. To date, 679 persons have been terminated from the Program--273 to jobs, 47 have gone on to further education and 359 have negatively terminated from the Program. The information provided below was gathered from

from Supported Work participants:

- 80 percent were aged 16 to 30 (average age was 25.5);
- 16 percent were veterans;
- 42 percent were convicted of a crime;
- 55 percent had no degree or diploma (average grade attained was 10.1);
- $1,555 was the average annual earnings before entering SWP;
- 82 percent had worked before (longest full-time job averaged 15.3 weeks);
- Time since the last full-time job averaged 14.5 months; and
- 89 percent had never received other manpower training services.

In light of this information, Supported Workers tend to be: young; often involved with the law; poorly educated; have a poor work record; are low-income; and, predominately have not been involved with other manpower programs and services.

WHO SUPPORTS SUPPORTED WORK

Funding for the Supported Work Program comes from a variety of federal, state and local sources as well as from private sources. National funding channeled through the Manpower Demonstration Research Corporation comes from the Department of Labor, the Department of Justice, the Department of Helath, Education, and Welfare, the Department of Housing & Urban Development, the Economic Development Administration, and the private Ford Foundation. Other supporters of the ADVOCAP program include: The Winne-Fond Manpower Consortium, the Community Services Administration, the Department of Energy, the Governor's Employment and Training Office, the Cities of Fond du Lac and Oshkosh, Bureau of Community Corrections Eastern Region (LEAA), and the Wisconsin Department of Health and Social Services.

HOW DOES THE PROGRAM WORK

Persons who may be eligible and in need of Supported Work are referred by agencies and organizations throughout Fond du Lac and Winnebago Counties. Eligible applicants are interviewed and tested to determine if participation in Supported Work would benefit them. New Program participants are then subject to a thirty-day probationary period to more fully determine if they are appropriate for Supported Work. Once a participant is accepted by the Program, needed support services such as counseling and access to community services are coupled with a low-graduated stress job experience.

Supported Work employs a special dual-track system to encourage employability development as well as personal development. The work environment is especially tailored to meet the individual employability development needs of each Supported Worker.

DESCRIPTION OF THE EMPLOYEMNT AND SUPPORT SERVICES

Employment and support services are provided through Supported Work's Ancillary Service Unit. The unit consists of a director and counselors who provide services to Program participants. The special services which help Program participants to make the transition from institutionalization or unemployment to employment and independent living include:

1. Development of appropriate job behavior and orientation of participants to the expectations of an employer. Specific employment services provided by the ancillary staff involve preparation of resumes, job search information, employment sources, contacting employers, interviewing techniques, and proper attire for the work place.

2. Special services are provided through Supported Work in: General Equivalency Diploma (GED) training; Driver's Education; Adult Basic Education; transportation services to job interviews, special educational and skill training sessions; career development; and independent living skills.

3. Ancillary staff provide the key element of professional counselors to assist participants with personal and emotional difficulties and support them in their efforts to succeed in a work setting. This support included orientation to work and monitoring work habits improvements.

4. Uniform standards for monitoring and evaluating the work behavior and performance progress of Supported Workers through the Step System. It is through the functioning of the Step System that the employee experiences low-stress/graduated stress, clearly defined tasks and responsibilities, and the advancement and reward mechanisms of the employment experience. There are a total of four steps in the System, each of which correspond to specified stress and skill levels. The ancillary staff uses the Step System to identify individual problems and to regularly assess the individual employee's progress in Supported Work.

5. Ancillary staff members maintain close community contacts with local referral agencies, in particular, those agencies which refer mental health participants. Communications are maintained with the referring doctors, psychiatrists, and psychiatric social workers to facilitate reciprocal information sharing on the participants past history and current progress in Supported Work. The majority of this joint case management occurs in regularly coordinated staffings. Ancillary staff also maintains community contacts which serve as a resource for the socialization of former mental health participants. These participants need special encouragement to participate in outside activities in order to strengthen their successful transition to independent living. Staff arranges for special family or marital counseling when necessary. Every effort is made to secure community resources where available.

WHERE DOES THE WORK EXPERIENCE TAKE PLACE

Supported Workers work in clustered (group) worksites which have been developed by the Program. The clustered work projects provide needed services to the community through housing rehabilitation, weatherization, secretarial, furniture, woodworking and storm window manufacturing services.

In all work projects stress levels increase throughout the 12-month limited participation period each participant has in the Program. Supported Work is a transitional work experience program in which the Supported Worker and the Program mutually plan the transition from unemployment to the work world for each participant.

Supported Work has created jobs in the following work projects:

- Weatherizing the homes of elderly, handicapped and low-income persons;
- Rehabilitating the homes of elderly, handicapped and low-income homeowners;
- Manufacturing of wood products and storm windows;
- Repairing and reupholstering furniture at affordable prices; and
- Providing secretarial and offset printing to Supported Work, non-profit agencies and community organizations on a fee for service basis.

The ADVOCAP Supported Work Program is successfully demonstrating its potential as a model for future manpower programs. Evaluation from MDRC and other funding sources consistently rate the ADVOCAP Supported Work Program among the very best in the country. The program is consulted regularly on the most viable means for planning the expansion of the Demonstration. Partly as a result of ADVOCAP's effort, Supported Work now operates in a number of other communities in Wisconsin.

End of Year V -- December 31, 1979

ADVOCAP SUPPORTED WORK PROGRAM -- TOTAL INDIVIDUALS SERVED TO DATE -- CUMULATIVE REPORT

	MENTAL HEALTH			YOUTH			AFDC			EX-OFFENDERS			TOTAL		
	FDL	WINN	TOTAL	FDL	WINN	TOTAL	FDL	WINN	TOTAL	FDL	WINN	TOTAL	FDL	WINN	TOTAL
REFERRALS	195	396	591	109	239	348	28	49	77	33	64	97	365	748	1113
INTAKE	129	307	436	81	180	261	13	23	36	19	58	77	242	568	810
CURRENTLY IN PROGRAM	11	16	27	11	17	28	1	2	3	8	11	19	31	46	77
CONTROL GROUP	-	-	-	-	-	-	7	8	15	-	-	-	7	8	15
INAPPROPRIATE INTAKE	5	7	12	3	2	5	0	0	0	0	0	0	8	9	17
FAILED TO START	3	9	12	2	6	8	1	1	2	2	11	13	8	27	35
TOTAL TERMINATIONS	108	276	384	65	152	217	11	20	31	11	36	47	195	484	679
- TO A JOB	40	115	155	24	61	85	5	10	15	2	17	19	71	203	274
- FURTHER EDUCATION	16	15	31	2	9	11	0	1	1	0	2	2	18	27	45
- TO NO JOB/RESIGNED	16	59	75	12	41	53	5	7	12	3	9	12	36	116	152
- RELEASED	23	76	99	23	37	60	1	1	2	6	8	14	53	122	175
- FORCED GRADUATION	13	11	24	4	4	8	0	1	1	0	0	0	17	16	33

cl: 3/10/80

APPENDIX TWO

The Employee Evaluation System
"Step System"
used in the Supported Work Program
at ADVOCAP, Inc.

THE STEP SYSTEM

The ADVOCAP Supported Work Program utilizes a tool referred to as the Step System to implement the graduated stress approach to employment and training. The foundation of this System is supportive supervision and peer group support. Supervisors understand the nature of the work and recognize the special needs of participants. To the participants, the supervisor represents an authority figure and a symbol of the real work world's expectations. The peer group environment provides the participant with the opportunity to work side-by-side with individuals confronting similar problems, values, and behavior choices. Participants can demonstrate success among their peers and experience recognition and approval through self-evaluation and peer evaluation. It is the interaction of supportive supervision and peer groups support which creates a work environment where graduated stress can occur.

The Step System consists of four steps which outline and monitor the following key elements associated with graduated stress:

- Productivity Demands
- Job Duties and Responsibilities
- Skill Level
- Job Performance
- Participant Progress Toward Goals
- Participant Attendance
- Raises

The chart on the following page illustrates how each of the four steps in the Step System implement the key elements involved in graduated stress.

DEFINITION OF THE STEP SYSTEM

KEY ELEMENTS	STEP I	STEP II	STEP III	STEP IV
-Productivity Demands	-Output demands are low. More emphasis on orientation to work.	-Participant is expected to demonstrate progress toward meeting a production schedule.	-Participant is expected to meet production schedule and know the needs of the job.	-Productivity demands are equal with those of a regular job.
-Job Duties and Responsibilities	-Highly structured jobs are divided into tasks of varying degrees of difficulty. Step I duties are at a low degree of difficulty with minimal responsibilities.	-Tasks increase in difficulty according to the job structure. Participant assumes a few special responsibilities.	-Participant learns most difficult tasks and special responsibilities are assigned.	-Participants is able to perform all levels of tasks associated with job. High degree of responsibility is assigned.
-Skill Level	-No skill level is expected. Step I is a learning period for becoming familiar with duties of the job gradually.	-Skills learned in Step I are mastered and a few new skills are assigned.	-Skills learned in Step II are mastered and the balance of the skills needed for the job are learned.	-Participant is expected to have developed the skill level required to successfully perform their specific job.
-Job Performance	-Supervisors exercise a high degree of patience. Mistakes are explained as needed but more emphasis is devoted to participant effort through supervisory encouragement and guidance.	-Supervisors make participants more aware of mistakes and review method of avoiding them. Strong support of improvement is emphasis.	-Supervisors are less tolerant of mistakes. More support is focused on lack of errors. Performance is related to regular job expectations.	-Supervisor identifies errors and expects improvement. Performance is related to regular job and employer expectations are reviewed and stressed.
-Participant Progress Toward Goals	-Short-range goals are developed in Step I.	-Initial progress toward achieving short-range goals is evaluated. Review goals.	-Participant demonstrates progress toward achievement of short-range go Begin development of long-range goals.	-Short-range goals are achieved and long-range goals are developed. Job placement activities are intense.
-Participant Attendance	-Excused absence is limited to 8 hours in one week. Unexcused absence and tardiness results in non-advanment to next Step.	-Excused absence is limited to 8 hours in two weeks. Unexcused absense-same as Step I.	-Excused absence is limited to 8 hours in three weeks. Unexcused absence-same as Step I.	-Excused absence is limited to 8 hours in four weeks. Frequent unexcused absnece will result in drop in Step or possibly termination (same for all Steps).
-Raises	-Evaluation period is one week. Two positive evaluations in a row equals a raise and promotion to Step II.	-Evaluation period is two weeks. Two positive evaluations in a row equals a raise and promotion to Step III.	-Evaluation period is three weeks. Two positive evaluations in a row equals a raise amd promotion to Step IV.	-Evaluation period is four weeks. Emphasis is on positive termination and job palcement.

[illegible]
[illegible]
SUPERVISOR'S [illegible] EVALUATION

4 placement ready
3 working well
2 improving
1 change needed
0 change doubtful

EMPLOYEE'S NAME ______________________________ DATE __________

EMPLOYER ______________________________ JOB TITLE ______________ SCORE __________

____ 1 ABILITY TO COPE WITH SUPERVISION AND THE WORK ROLE

4 works consistently and steadily under pressure
3 occasionally gets upset under time pressure and supervisor demands
2 usually able to cope with stresses, but quality of work goes down under pressure
1 gets easily upset under time pressure and/or supervision
0 leaves job site or stops working under average stress

comments: ______________________________

____ 2. LEARNING AND REMEMBERING WORK ROUTINE

4 follows correct work procedure
3 improves performance in area criticized and maintains changes in work
2 asks appropriate questions to better understand istructions
1 argues with supervisor over instructions
0 does not profit from instructions (returns to old practices in supervisor's absence)

comments: ______________________________

____ 3. QUALITY OF WORK

4 pays attention to details while working, turning out quality products
3 turns out above average products
2 turns out acceptable products, but work is slower than others
1 struggles to accomplish tasks that are easy for others - products minimally acceptable
0 appears to pay no attention to work at hand - products are not acceptable

comments: ______________________________

____ 4. STAMINA FOR FULL TIME WORK

4 maintains high level of energy and alertness in fulltime work capacity
3 maintains consistent level of energy and alertness in fulltime work capacity
2 shows moderate levels of energy and alertness in fulltime work capacity
1 inconsistent in displays of energy and alertness for fulltime work
0 shows little or no energy and/or alertness for fulltime work

comments:

____ 5. GETTING ALONG WITH FELLOW EMPLOYEES

4 gets along with fellow employees in an easy, natural manner
3 relates to co-workers satisfactorily
2 becoming comfortable with socialization, relating to others with some eff
1 is uncomfortable with socialization
0 shows no ability to socialize with co-workers

comments: ____

____ 6. ABILITY TO FUNCTION AS A TEAM MEMBER ON A WORK CREW

4 puts out extra effort when it will help group
3 usually comfortable with peer group interaction at work, willing to do his/her share of the work
2 assists co-workers in group tasks when asked to (does not volunteer)
1 generally does not do his/her share of the work, lets others in group do the work at hand
0 will not cooperate with co-workers - engages in horseplay instead of being productive

comments: ____

____ 7. PERSONAL BEHAVIOR AT WORK (IN CONTACT WITH PUBLIC THROUGH JOB)

4 relates easily and appropriately to public
3 adapting own mannerisms to fit public expectations
2 becoming aware of public and peer needs (in addition to own needs)
1 hesitant to communicate with the public on the job
0 uses abusive language on the job - cannot communicate with public on job constructively

comments: ____

____ 8. QUANTITY OF WORK (PRODUCTIVITY)

4 quantity is consistent with similar unsubsidized jobs
3 quantity is approaching work-world standards
2 productivity is inconsistent, sometimes high, sometimes low
1 productivity is substandard, slow
0 productivity is practically non-existent

comments: ____

____ 9. SELF-PRESENTATION (GROOMING AND HYGIENE)

4 is neat and clean, excellent personal hygiene
3 is usually neat and clean, good personal hygiene
2 improvement apparent in personal hygiene, considered average
1 needs to improve personal hygiene and grooming habits, considered poor
0 no apparent interest in personal hygiene, considered offensive

comments: ____

___ 10. SELF-CONFIDENCE (SELF-CONCEPT)

4 shows high degree of self-confidence, realistic in self-concept
3 shows moderate degree of self-confidence
2 recognizes need for improvement in self-concept
1 lacks self-confidence, uncertain of ability to make decisions on his/her own
0 conveys the impression that he/she is bound to fail

comments: ____________________

___ 11. ABILITY TO WORK ALONE

4 able to work alone in a constructive manner
3 needs reassurance to work alone, but will do so successfully
2 will work alone, but often unable to function capably
1 fear of working alone becomes overwhelming, hindering the work at hand
0 refuses to work alone

comments: ____________________

___ 12. DESIRE TO WORK TO EXPAND LIFE

4 actively seeking unsubsidized employment
3 evaluating personal aptitudes, interests & life style with view to future employment
2 shows enthusiasm and interest in work and is building good work habits
1 realizes need for work & is willing to change life style with a view toward future employment
0 resisting change in lifestyle (welfare benefits, etc.) to become more productive member of society with a challening future

comments: ____________________

OTHER SUGGESTIONS FOR IMPROVEMENT OF WORK HABITS NOT COVERED ABOVE:

____

____

____

____

____

____

____

EMPLOYEE COMMENTS:

____

____

____

The Step System is the formalized "backbone" of the Employability Development Track. It is through the functioning of the Step System that the employee experiences the low-stress/graduated stress, clearly defined tasks and responsibilities, the advancement and reward mechanisms in action. Within the Step System there are a total of four Steps, each of which relates to corresponding stress and skill levels. That is, lower Steps have lower stress and skill levels and high Steps have higher stress and skill levels.

The point-based rating system is an integral component of the monitoring system. Twelve tests are conducted by the supervisors, who rate the participants on their actual work patterns, including their ability to take instructions, the quality of their work, their ability to work in a team, and the tenth test, their ability to work alone. Counselors conduct the final two tests, rating the participants on how well they do in the program and to what extent they need counseling, and, finally, on their placement readiness: no future job plans earns a zero; having made contacts in the job market earns a four, the top score.

The way in which this system is set up enables counselors to identify problems early and to attend to them promptly. If a participant scores fours in his or her ability to handle tools, for example, and in productivity, but zero in self-presentation (which includes grooming and hygiene), counselors will concentrate on the latter.

The Step System provides uniform standards for monitoring and evaluating the work behavior and performance of Supported Workers. The formal written tools for tracking employability development through the Step System are the Employee Evaluation Form, Crew Chief Evaluation Form, and the Wage and Bonus Schedule.

Through the System, regular employee evaluations and cash bonuses are provided to Supported Workers who make extra effort to improve their job performance and attendance. These evaluations are extremely helpful to the employee as they point out individual strengths and weaknesses, help set goals for personal progress and provide incentives for improvement. The Step System also aids supervisors and counseling staff in understanding each Supported Worker's employability needs as well as progress toward attainment of short-range goals.

Through the Step System, the counseling staff, the supervisors, the employee, and other Program staff make regular assessments of the employee's readiness to make the transition to the world of work. At Step III, the employee (with assistance from the Job Developer) begins to make regular contact with outside employers, and at Step IV the employee's job search is intensified so that two contacts per week are being made by employees with private employers.

The Step System provides regular employee evaluations. This system is extremely helpful to the employee as it points out individual strengths and weaknesses, sets goals for personal progress, and provides incentives for improvement. It also aids the supervisors and career counselors in understanding each individual's employability needs and noting progress toward attainment of short-range goals.

Twelve criteria are used in the Step System evaluation process. A score of 0 - 4 points is assigned for each criteria. This score, plus attendance behavior is used as the basis for determining the participant's progress through the steps. The criteria are as follows:

1. Ability to cope with supervision
2. Learning and remembering work
3. Quality of work
4. Stamina for full-time work
5. Tool and equipment handling
6. Ability to function as a team member
7. Personal behavior at work
8. Quantity of work
9. Grooming and hygiene (self-presentation)
10. Ability to work alone
11. Ancillary support needs
12. Placement readiness

Every evaluation period the supervisor, the career counselor, and the employee meet together. The supervisor rates the employee in 12 separate categories concerning job performance on the Employee Evaluation Form. The career counselor also evaluates the employee in two categories on career development and acts as the employee's advocate in personal matters affecting job performance. Each evaluation category is then discussed with the employee--progress is noted, problems discussed, and future goals set. The total score and any zero's are marked on the timesheets and later submitted to the Information Systems Coordinator to determine position in the Step System.

Wages are assigned according to the following rules and schedule. All employees entering the program start in Step 1 their second full week of work following Orientation. At Step 1 evaluations occur weekly; at Step 2, every 2 weeks; Step 3, every 3 weeks; and Step 4, every 4 weeks.

The following rules determine Step Status:

Rising in Step: Any employee who meets point and attendance requirements for two (2) evaluation periods in a row will go up to the next Step.

Dropping Steps: Employees will drop in Step for one of two reasons:
  i) An employee misses his evaluation points three evaluation periods in a row.
  ii) An employee is "recycled" for three weeks in a row.
  iii) Any combination of the above.

Recycling: If an employee's absences have disqualified him for a step increase before the evaluation period ends, he will automatically be "recycled" (i.e. start again in the next evaluation period).

Recycling occurs when:
  i) An employee is absent for more than 8 hours in an evaluation period (includes personal time, sick time, and excused absences) or
  ii) An employee has any unexcused absences or suspensions.

Inactivated time does not count toward recycling.

APPENDIX THREE

Selected Press Clippings

Workers learn the art of upholstering Northwestern photos by Carl Platz

Dorothy Wiener helps supervise the work of two young women on a chair in the upholstery department at the Supported Work Program, 2929 Harrison St., Oshkosh.

Job training given to hard-to-employ

Judy was a divorcee, an emotionally depressed woman who hunted unsuccessfully for employment for 15 weeks.

She heard about the Advocap, Inc. Supported Work Program from friends. After being accepted for employment, her life began to make a favorable change.

"I remember the first time I was taken to the upholstery department," Judy said. "I lacked confidence, thinking I could never learn this type of thing.

"But I learned a little at a time, and now I have a sense of pride in what I'm doing. I've learned a skill — a craft — something you can't learn overnight.

"Now I won't say 'I can't do that' when I'm challenged during work because I know I can."

Judy will soon enroll in an upholstery class at Fox Valley Technical Institute. Since it is a job-related class, Supported Work will reimburse her expenses.

This program also lets Judy receive her regular wages when looking for more permanent employment. Since she began working in Supported Work in August 1979, she can only stay here until August of this year.

The SWP intends to train the hard-to-employ adult — the mentally ill, the high school drop-out, the ex-convict and the women on welfare.

In many cases, these people have been unemployed for long periods of time, and lack the self-confidence or skill needed to obtain a job.

Highly supervised work experience is offered at the SWP, 2020 Harrison St., Oshkosh, which intends to develop good work habits in its participants.

In turn, the hard-to-employ aid the poor in both Winnebago and Fond du Lac counties by weatherizing their homes and doing upholstery work.

This is one of the few work experience programs in which success can be measured. This week the Manpower Demonstration Research Corp. concluded this program, and 15 others, were especially effective in helping women on welfare and ex-drug addicts.

Results are based upon a five-year study of 19 work experience programs in the nation. Advocap's SWP is one of five "rural" programs which were evaluated.

Statistics from James Blaheslee, SWP director, note 1,113 residents from Winnebago and Fond du Lac counties were referred to the program during the last five years. Of the total, 810 were accepted as participants.

A total of 879 persons were terminated from the SWP, for a variety of reasons. Permanent employment was gained by 373 persons, 47 decided to further their education and 33 completed the one-year program but have not yet found permanent employment.

There were 151 persons who resigned from the SWP and did not gain employment, and 175 others who were released prematurely.

While the progress of youth, women on welfare and ex-offenders was monitored nationally, the mental health target group was not.

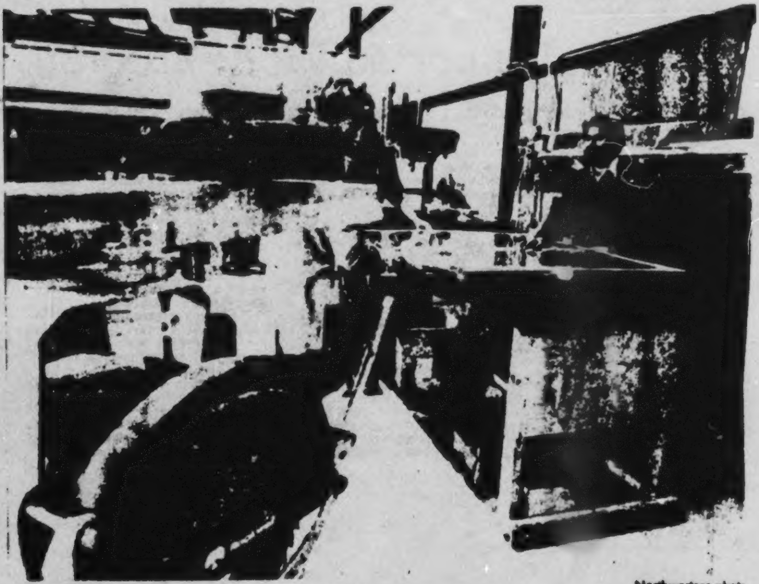
Blaheslee said the SWP was the first of the 19 work experience programs to concentrate specifically on persons with this type of problem.

Additional programs, not necessarily in the Fox Valley area, may now be extended to include the mentally retarded and recovering alcoholics.

The future of Supported Work, and other work experience programs, will depend largely upon the attitude of the U.S. Department of Labor, according to Manpower Demonstration Research Corp. personnel.

Programs monitored nationally cost a total of $82.4 million during the last five years and were funded by a consortium of six federal agencies and the Ford Foundation.

Each work slot in the Advocap program cost an estimated $12,000 to fill this year.



Northwestern phot

Housing weatherization work includes production of storm windows

Energy conservation is stressed in weatherization work completed at the Supported Work Program. This project is being supervised by Gary Onufrey, right.

The Reporter, Wednesday, Feb. 27, 1980

Supported Work nationally recognized for its efficiency

By STEVE SANDBERG
Reporter Staff Writer

A report released today by the agency overseeing a National Supported Work Demonstration confirms what Advocap Inc. spokesmen have been saying all along — that Supported Work provides "more bang for the buck."

Rosalie Tryon, executive director of Advocap Inc., said the report by Manpower Demonstration Research Corp. proves that Supported Work not only is successful in aiding the chronically unemployable, but also in proving that "it's cheaper to have people trained in Supported Work than to not have them work at all."

The Supported Work Program of Advocap Inc. is one of 19 such programs that have participated since mid-1975 in the National Supported Work Demonstration covered in the MDRC report.

Nationally, the Supported Work Program was aimed at four target groups: women who had been on welfare for more than three years, ex-addicts, ex-offenders and out-of-school youth.

Advocap was the only Supported Work site in the nation to work with a fifth target group comprised of former mental patients.

According to the MDRC report: "The National Supported Work Demonstration is considered to be a landmark because it was designed to test the effects of providing a highly structured work experience for persons with severe employment problems..."

In its report, the MDRC recommends:

•Either new or expanded Supported Work programs should be undertaken for AFDC mothers and former drug users ... and that this be done in close cooperation with CETA, WIN and drug abuse treatment systems.

•Although the benefits do not demonstrably outweigh the costs for the ex-offender and youth target groups, continuation of a modified type of Supported Work for these groups should be considered.

•The Secretary of Labor should seek in 1980 an amendment to CETA legislation that would establish Supported Work as a national program.

Launched nationally in March 1975, the National Supported Work Demonstration sought to expand and test a program which had shown promise on the local level in New York City.

James Blakeslee, director of the Advocap Supported Work Program, reports that local efforts in dealing with former mental patients have been particularly fruitful.

Blakeslee said that 129 former mental patients have been enrolled in the Supported Work Program in Fond du Lac since June 1975, and 51 percent of them have graduated to permanent employment.

That compares with 45.6 percent of all local Supported Work participants in the five-year period who have found permanent employment, and Mrs. Tryon said that while those figures may not appear impressive at face value, the groups entering the program had zero percent employment.

"I feel that the Fond du Lac program has demonstrated that people with these problems can hold a job and be productive," Blakeslee stated.

Explaining her "more bang for the buck" — or double social utility — theory, Mrs. Tryon said funding for the Supported Work Program not only provides training for chronically unemployed persons, but those persons perform services needed by low-income persons in the community.

Mrs. Tryon said she feels Supported Work is "a very effective way of making the connection between people who need to work and people who need services done."

Supported work clients perform a variety of services, including the weatherization of homes, renovation of substandard homes, basic home maintenance and chore services, furniture repairs and reupholstery, the manufacture of interior storm windows and secretarial services.

Regarding a Green Bay television series last week that keyed in on alleged faults with the Supported Work program and its participants, Mrs. Tryon said she feels Channel 11 was "exaggeratedly biased" in its reporting.

Both Mrs. Tryon and Blakeslee contend that the Supported Work Program has been trouble free a high percentage of the time and that both those giving and receiving services have benefited.

Wed., Feb. 27, 1980 The Northwestern 8

Supported Work Program gets national recognition

The Advocap, Inc. Supported Work Program is one of 19 work experience programs in the nation to receive national recognition today for its impact on helping the hard-to-employ.

The Manpower Demonstration Research Corp., based in New York, has concluded programs such as Supported Work are especially effective in helping women on welfare and ex-drug addicts.

Results are based upon a five-year study of 19 work experience programs in the nation. The progress of work experience participants were compared with control groups.

Advocap's Supported Work Program, similar to other programs tested, provides highly-supervised employment for the hard-to-employ. Based at 2300 Harrison St., Oshkosh, it focuses on four target groups — the mentally ill, high school drop-outs, welfare recipients and ex-offenders.

The national study indicates about 20 percent more of the women on welfare were employed 27 months after entering work experience programs, as compared to the control group.

Cash welfare payments for women in these work programs were reduced by about 23 percent.

The ex-addict experimental group had an arrest rate which was 34 percent lower than the control group.

The 19 work programs throughout the nation cost $82.4 million over their five-year span. Programs were funded primarily by six federal agencies and the Ford Foundation.

Advocap's program aids persons in both Winnebago and Fond du Lac counties. Program director James Blakeslee noted the aid given by the Winne-Fond Consortium through Comprehensive Employment Training Act funds.

Page 12 - Sec. 1 The Reporter, Sunday, March 2, 1980

Advocap would rather teach self-sufficiency for future

By ROSALIE L. TRYON
Advocap Director

"If you give a man a fish, he eats today, if you teach a man to fish, he eats tomorrow."

Advocap invested much time and energy during 1979 evaluating it's Community Action Program using a long range corporate planning process. The result was a restatement and a reaffirmation of the agency's mission "to enable low income people to attain the skills, knowledge, motivations and to secure the opportunities needed for them to move toward their fullest self-sufficiency."

People with conservative and liberal viewpoints alike will agree that both human dignity and fiscal responsibility are well-served by building independence rather than dependency in the poor. Poverty benefits neither the individual nor the community.

The question becomes, can it be done? How can it be done best? Can Community Action be the creative force that joins the people in poverty with the concerned individuals and leaders in the community to help increase the odds for economic survival today?

ROSALIE TRYON

Advocap's answer is a resounding "yes...if." The "if" depends on the involvement of the poor themselves in becoming active planners, participants and evaluators of the programs designed to reduce poverty. And another "if" depends on partnerships with the community with local governments, with individuals and human service organizations to respond effectively to the needs of people in a way that respects their dignity.

The goals chosen by the board of Directors for the next five years emphasize broad participation and focus on:

- Prevention — beginning with children and youth to prevent their entering poverty or remaining in poverty.
- Coordination and cooperation with the entire spectrum of help from private and public sources.
- Self-reliance and self-sufficiency enabling people to set their own goals and aiding them to find the means to reach them.

Some important progress milestones from 1979 include:

Our Supported Work Program was among the original demonstration sites that have proven with strong research that a well-designed, structured low stress work experience helps severly disadvantaged people get and keep jobs. The research results confirm that is is not only humane, but more cost effective to help people become effective workers than it is to support them through unemployment and transfer payments. More than 60 percent of supported workers graduated to unsubsidized jobs and 200 workers are employed annually in newly created jobs.

Advocap was the only demonstration supported work project to serve persons with mental and emotional problems. A triumphant breakthrough was achieved when this special target group was identified across the nation as the "mental health group" instead of the "mental illness group."

For the first time in history, the CETA (Comprehensive Employment and Training Act) included persons with histories of mental and emotional problems among the targeted groups for jobs and training.

Project Opportunity is another important demonstration...again aimed at getting people connected with the labor market in a really positive way. Most jobs are in the private sector, and personal, individualized and effective training often can be found in small businesses. But small businesses have been historically least involved in formal manpower training programs. A working partnership between the Association of Commerce and Advocap's Manpower personnel led to a demonstration program that places young unemployed persons in new jobs with "career pathways" throughout the business community. The response is terrific. Young people who saw no future are now enthusiastically learning to decorate cakes, and make microfilm records and shoe horses and fix cars, and keep books. Their newly earned incomes increase their confidence and their self-sufficiency.

Sunday March 2

The New York Times

Founded in 1851

ADOLPH S. OCHS, Publisher 1896-1935
ARTHUR HAYS SULZBERGER, Publisher 1935-1961
ORVIL E. DRYFOOS, Publisher 1961-1963

ARTHUR OCHS SULZBERGER
Publisher
●
A. M. ROSENTHAL, Executive Editor
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JACK ROSENTHAL, Deputy Editorial Page Editor
CHARLOTTE CURTIS, Associate Editor
●
TOM WICKER, Associate Editor

Supported Work Works

The experiences of an obscure employee at the Oakland Airport don't ordinarily occasion editorial comment. But we're preoccupied today with such a worker — a mother at the age of 14 and a welfare recipient for 11 years. In 1977, fed up at last with life on the public dole, she enrolled in an experimental program called Supported Work which is aimed at welfare mothers, ex-addicts and others who find it hard to get, and keep, jobs. With a dictionary in one hand and a helpful supervisor close by, she learned to spell, punctuate and type up to 70 words a minute. Now she earns $7 an hour.

Her experience typifies that of hundreds of other participants in the national Supported Work demonstration, perhaps the most extensive and careful social experiment ever attempted. The results are now in, after five years, and they are, in the the case of welfare recipients, wonderfully encouraging. Supported Work works. For taxpayers, it can mean spending fewer dollars for welfare. For welfare recipients, it can mean earning more dollars, and pride, from work.

●

The Supported Work idea originated in Europe with sheltered workshops for handicapped people. The Vera Institute of Justice in New York City imported the concept in 1972, applying it to former addicts. By counting their Federal support payments as part of their "salary," Vera created jobs for them; a surprising proportion of addicts became self-supporting. That raised a national question: Could public welfare funds be used to draw other kinds of troubled people into jobs and off the dole?

The Ford Foundation and several Federal agencies created the Manpower Demonstration Research Corporation to test the idea in 15 cities. The demonstration presupposed that many people, long dependent on welfare, lacked motivation, normal work habits, marketable skills and employment records. Hence, to force them precipitately into the labor market would be unfair and futile. Instead, the program tailored the workplace to the worker. Once participants became accustomed to coming to work and on time, job demands were steadily increased until supported workers could match normal workers. They were given tasks in small crews, as day-care aides, hospital admission personnel, bank tellers and library aides. Supervisors kept close and sympathetic watch.

The results were somewhat favorable for ex-addicts and inconclusive or discouraging for teen-agers and ex-inmates. But in the case of welfare mothers — by far the largest category of welfare recipients — the experiment was a resounding success. More than a year after leaving the program, participating women were working 35 percent more hours and earning 50 percent more money than a comparison group of nonparticipants. Twice as many participants had given up welfare altogether. And the results were most favorable for recipients who had been on welfare longest and possessed the fewest skills.

The program was just as successful in another way. It more than paid for itself in saved welfare payments and new income taxes.

Its success documented, Supported Work should now be tried on a larger scale. The Labor Department intends to use it in several places as part of a $250-million demonstration project already begun. In any event, local manpower and welfare agencies need not wait to emulate the Supported Work model.

Liberals have long contended that even the most dependent welfare recipients possess the work ethic. Conservatives have long contended that welfare funds can be used to encourage work. This experiment shows that both are right.

Many employment approaches are needed for welfare's many populations. For those with skills and for whom welfare is a way station, a nudge may suffice. But as Tom Bethell recently wrote in Harper's, for the chronically poor to work their way up the ladder of achievement "it is necessary first to get on the ladder." Supported Work provides such a boost for welfare recipients, and a bargain for taxpayers to boot.

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SUMMARY

TESTIMONY OF ROSALIE TRYON
RE: S.1312 – MARCH 12, 1980

1. POOR PEOPLE (INCLUDING WELFARE RECIPIENTS) ENDORSE GOAL OF ECONOMIC SELF SUFFICIENCY

2. THE LEAST EMPLOYABLE DO NOT/CANNOT GET JOBS UNLESS OPPORTUNITY IS STRUCTURED TO BUILD CONFIDENCE, GOOD WORK HABITS, SKILLS, WORK RECORD

3. SUPPORTED WORK – THE 5-YR. DEMONSTRATION AND RESEARCH OFFERS STRONG EVIDENCE THAT A "BRIDGE OF THE RIGHT KIND OF WORK EXPERIENCE" CAN REVERSE A RECORD OF FAILURES & LEAD TO PRIVATE SECTOR JOBS.

4. SUPPORTED WORK CREATES NEW, TRANSITIONAL JOBS, PERFORMS USEFUL & NEEDED WORK AND TAILORS THE WORKPLACE TO THE WORKER BUILDING SUCCESS UPON SUCCESS.

5. TAXPAYERS SAVE MONEY, COMMUNITIES & PEOPLE BENEFIT FROM THE WORK DONE, SUPPORTED WORKERS GET JOBS AND STAY ON THOSE JOBS.

6. SUPPORTED WORK WORKS.!!! IT WORKS VERY WELL FOR EXCEPTIONALLY DIFFICULT POPULATIONS. WELFARE MOTHERS DID BEST OF ALL!
   - 40% OF ALL OUR WORKERS GOT JOBS
   - 48% OF AFDC MOTHERS MOVED TO JOBS
   - ANOTHER 6.6% WENT ON TO EDUCATION
   - 89% HAD NEVER RECEIVED MANPOWER SERVICES OR TRAINING ALTHOUGH NEARLY ALL HAD LOOKED FOR WORK REPEATEDLY AND WERE NOT HIRED.

- "MOST JOBS ARE IN THE PRIVATE SECTOR. AFDC STARTING SALARIES RANGED FROM MINIMUM WAGE TO $5.42 AN HOUR.
- S.W. GRADUATES ARE STAYING ON JOBS, GETTING PROMOTED, LEAVING WELFARE / OR REDUCING THE AMOUNT OF AID NEEDED.

7. RECOMMEND THAT
SUPPORTED WORK:
- PRECEDE JOB SEARCH OR
- BE AN ALTERNATIVE TO REQUIRED JOB SEARCH (AND REJECTION)
- BE EXPANDED NOW FOR AFDC GROUPS
- BE CONTINUED FOR OTHERS HARD-TO-EMPLOY
- CETA AMENDED ADDING S.W. TITLE
- HEW EXPAND "WELFARE WAIVER" TO DIVERT PORTIONS OF GRANTS TO WAGE POOL FOR AFDC
- SELECTIVE RESEARCH CONTINUE
- NEW PROJECTS SERVE MENTALLY RETARDED AND FORMER MENTAL PATIENTS (WITH R+D)
- DEMONSTRATION TECHNIQUES BE USED IN FUTURE MANPOWER/SOCIAL PROGRAMS
- S. 1312 BE REVISED TO UTILIZE SUPPORTED WORK AS 1st STEP, OR AS ALTERNATIVE OR TO SELECTIVELY COMPARE WITH PLANNED "TRAINING & WORK OPPORTUNITIES."

PAGE 2
SUMMARY
ROSALIE TRYON
3-12-80

BONUS REQUIREMENTS

Employee Evaluation Points

Step	Hourly Pay Rate	Evaluation Period	Number of Points on Evaluation Form Twice Consecutively To Advance	Excused Absenteeism of any kind	Unexcused Absence or Suspended Time
Step I	3.10 3.20 * 3.21 *	1 week	24 no zeros	Up to 8 hours in 1 week	None
Step II	3.24 3.34 * 3.35 *	2 weeks	32 no zeros	Up to 8 hours in 2 weeks	None
Step III	3.37 3.46 * 3.47 *	3 weeks	39 no zeros	Up to 8 hours in 3 weeks	None
Step IV	3.51 3.60 * 3.61 *	4 weeks	46 no zeros	Up to 8 hours in 4 weeks	None
Crew Chief Trainee	3.51 3.60 * 3.61 *	2 weeks	32 no zeros		
Full Crew Chief	3.63 3.73 * 3.74 *	4 weeks			

* After six months all employees receive a 3% longevity raise.

Effective Date: December 31, 1979

Senator **Nelson**. Our next panel is to be Mr. Robert E. David, executive director, South Carolina Employment Security Commission and Powell Cozart, employment service director, Michigan Employment Security Commission, and Stuart Verchereau, director, employment security division, Vermont Department of Employment Security.

It is nice to have you here today.

STATEMENT OF WILLIAM L. HEARTWELL, JR., EXECUTIVE VICE PRESIDENT OF THE INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES; ROBERT E. DAVID, EXECUTIVE DIRECTOR, SOUTH CAROLINA EMPLOYMENT SECURITY COMMISSION; POWELL COZART, EMPLOYMENT SERVICE DIRECTOR, MICHIGAN EMPLOYMENT SECURITY COMMISSION; AND STUART VERCHEREAU, DIRECTOR, EMPLOYMENT SECURITY DIVISION, VERMONT DEPARTMENT OF EMPLOYMENT SECURITY, A PANEL

Mr. **Heartwell**. Mr. Chairman, I am William L. Heartwell, Jr., executive vice president of the Interstate Conference of Employment Security Agencies. As you are aware, the Interstate Conference represents the 50 States, the Virgin Islands, Puerto Rico, and Washington, D.C., in all employment security matters.

We have planned our testimony today in accordance with the wishes of the committee to discuss first about welfare reform. Recognizing the time constraints, we have asked each of our panelists to summarize their statements and for the remainder to be put in the record.

First, I would like to introduce Ms. Powell Cozart, who is the employment service director for the Michigan Employment Security Commission who will speak to welfare reform.

Senator **Nelson**. Your statements will be printed in full in the record so if you can summarize them for us, we would appreciate it.

Ms. **Cozart**. Thank you very much, Senator. My remarks will center on our recommendations for changes in Senate bill 1312 and, as you indicated, we will only speak to those sections which we feel deserve clarification. We think some areas need more explanation and should be different from the proposals in the administration bill.

The first is in the funding of the program. We strongly believe that this should be an entitlement program with full Federal funding. The administration proposes only $187 million in new money for the entire job search program. We feel that is insufficient.

No. 1, we are talking about the AFDC enrollees plus the AFDC eligibles. There is no way of knowing the number of AFDC eligibles, and the fact is that given the state of the economy, we believe that the AFDC rolls will increase greatly.

Second, concerning the cash match, we feel that this should not be required. CETA does not have, on its side of the program, a cash match requirement. We recommend, therefore, that no cash match be required. However, should any match be approved, we would support in-kind contributions as are allowed under the WIN program

In terms of where the funds should go for the job search assistance program as well as the PSE and training slots, we are recommending that the Governor or legislatively designated State agency receive the funds for these programs and have the responsibility for preparing the plan which would denote the program operation in that particular State.

Third, in terms of the structure to deliver the job search assistance program, the legislation now indicates the folding in of the WIN system. We believe the opposite should happen in that the WIN system is in place. It is considered a successful program, and we are recommending the expansion of the WIN program to include the full responsibility for the job search assistance part of the program.

Fourth, as indicated by a number of other participants this morning, we are suggesting that the 8-week period for job search be allowed a greater flexibility, depending upon the needs of the individual, the background of the individual and certainly the economy of the area. We do not feel one should have to remain in a job search program 8 weeks before going on to the other portions of the program.

Fifth, the planning process for both job search and training, we think, should start at the local level. Rather than have the State employment and training council involved in the actual development of the State plan, we feel that it should start from the local level and include CETA prime sponsors, the welfare agency, certainly the job service agency and the PIC's, if they are in place, and other employer groups in the local community.

Sixth, we are very much concerned with the bill that now indicates removal of PSE slots from title II-D of CETA and shifting them to the proposed part E. We feel that II-E should stand alone as a welfare directed part, that the slots not be touched under II-D, and that sufficient slots should be made available for PSE and training under II-E. We are very much concerned, also that the limitation on training funds will severely hamper the program. If the States are unsuccessful in placing participants in unsubsidized jobs, and there are no PSE or training slots available, the result is a greater welfare burden on the States.

Essentially, these are our recommendations that we wanted to expand on. We did give you the written, more extensive language regarding our proposals, and we will be happy to answer any questions.

Thank you.

[The prepared statement of Mr. Cozart follows:]

Presentation by Powell Cozart, Employment Service Director
Michigan Employment Security Commission and Member
Employability Development Committee
Interstate Conference of Employment Security Agencies, Inc.

to

The Subcommittee on Employment, Poverty and
Migratory Labor

Committee on Labor and Human Resources, United States Senate

March 12, 1980

THE WORK AND TRAINING OPPORTUNITIES ACT OF 1979
ICESA REVIEW

Subpart I. Job Search Assistance Program

1. Funding and Appropriations

The amount of funds proposed by the Administration for the expansion of Job Search Assistance Programs ($187 M) would not be adequate to fully meet the costs associated with this effort. The expanded coverage of the program (two parent families and those eligible for AFDC but not receiving assistance); the comprehensive array of services required, and the likelihood that an increasing number of individuals will become eligible as the effects of the recession take hold are the major factors supporting our position. We strongly recommend, therefore, that JSAP be an entitlement program with full Federal funding.

Concerning the State cash matching requirement, in principle, we are opposed to such a provision. The match requirement treats States and prime sponsors inequitably, since no match is required of CETA prime sponsors receiving allocations to provide support services as well as employment and training positions. Further, cash matching provisions could delay or prevent operation of the program in any given State. If State matching is to be made a part of this bill, however, we would endorse in kind contributions which are currently allowable under the WIN Program.

Regarding appropriations, the current language should be more precise. Specifically, of the funds (85%) available for JSAP, what proportion would be allocated based on the relative number of AFDC recipients and the relative cost of providing JSAP and supportive services? Another important factor that should be considered in the allocation formula, in addition to current recipients, is the number of individuals who are eligible but not actually receiving AFDC assistance. Further, it appears that the 15% available for discretionary use by the Secretary is too excessive. We recognize the Federal need for funds to adequately administer the program at the national and regional levels; however, in the absence of any specific distribution of the large discretionary amount currently proposed, we recommend that an amount approaching 5% be designated for discretionary purposes.

In addition, the funds appropriated for JSAP should go to the Governor or legislatively designated State agency. The funds for PSE and training slots should also go to the Governor or legislatively designated State agency to then be allocated to CETA prime sponsors in accordance with a statewide plan as discussed in Section III.

II. JSAP Activities and Services

Throughout our review of the Administration's proposal, we were most concerned that the development of service delivery systems, as well as planning and review, not duplicate existing programs and services currently available in the employment and training community. In the area of job search assistance (JSA), therefore, we support the use of the WIN structure as the vehicle for the delivery of JSA services. Furthermore, this structure should be located in a State agency that has been designated by the Governor or the State legislature. WIN Program processes have been designed to (a) help those who are poor and disadvantaged, but job ready, to obtain a job as soon as possible, (b) help others to become job ready by means of employment support and social services (notably, child care) and/or training, (c) develop and/or locate jobs that are within the reach of client qualifications, and (d) place and/or refer registrants to public sector employment and training. The WIN Program is consistent, in both its philosophy and objectives, with the total welfare reform effort, and in view of its established local operations, it can be carried over into this new design with a minimum of change and organizational disruption.

The language in the current bill regarding the responsibility of the Governor to establish an "administrative system" for carrying out JSA Programs, and to coordinate the WIN Program "as a component within such system" could very likely lead to the establishment of duplicate delivery mechanisms. We believe that this approach, which would be extremenly costly and administratively burdensome, should and can be avoided by utilizing our recommended approach.

We fully recognize that a major restructuring of the WIN Program, through amendments to Title IV, C of the Social Security Act, would be necessary; however, we feel that this would create the most effective and uniform approach to serving AFDC recipients and those eligible but not currently registered with the Program. The major changes to WIN that we envision relate to a more accurate and meaningful reporting system which is based on actual accomplishments of specific activities (e.g., entered employment); the establishment of a needs-based formula for funding; the clear designation of priority groups to be served; a reduction in the duplication of services which currently exist in both WIN and CETA, and improvements in the eligibility determination process to ensure that needed services are provided to participants in an expeditious manner.

Regarding the prescribed 8-week period for job search, we believe that this is too rigid a requirement. While the 8-week period may serve as a standard, the States should be provided the flexibility to design programs which fit various skill levels and meet the demands of local economies. For example, where it is immediately clear that participants will require training prior to becoming job ready, a method of referring them directly into training within the 8-week period should be provided. Similarly, participants who are assessed as basically job ready should be allowed to remain in the JSAP for longer than eight weeks, if it is determined to be appropriate in accordance with their employability development plan. Further, special consideration should be given to communities with highly seasonal economies where few, if any, jobs would be available during the off-season, and in areas where a sudden increase in participants may occur due to plant closings, disasters, etc.

The provision of support services is another area of concern under the bill. The current language regarding continued counseling, child care, remedial, social, and supportive services is not specific. Questions need to be addressed, such as who will decide when the provision of such services will cease and the method of payments for such services.

Further, as discussed in Item III, requirements must be made for transitioning the provision of support services from the State to a prime sponsor when an individual transitions from JSAP to work and training opportunities in CETA. The issue is not one of designating a single agency with responsibility for the establishment and delivery of all support services; but rather, that the legislation require that the provision of these services be reflected in a coordinated plan developed at the local level between the JSAP and CETA prime sponsor. The provisions should be set forth either in the State plan or in regulations. Additionally, the States should have some type of resources available in the event prime sponsors do not provide support services.

III. Comprehensive State Plans

While we support utilizing a comprehensive State planning process, in order to receive both JSAP and CETA funds, we are convinced that this effort must begin at the local level to ensure that JSAP and employment and training services are effectively planned through a coordinated approach. Under such a system, the Governor or legislatively designated State agency would contract with local CETA prime sponsors based on the level of PSE/training slots and support services that were identified in the approved, local JSAP/CETA plan. Further, this would also permit the Governor or legislatively designated State agency, after consultation with local CETA prime sponsors and JSAP managers, to redistribute PSE/training slots during the year, based on the needs in particular local areas. Additionally, and of significant importance, is that by utilizing a unified and integrated system of planning and resource allocation, there would be greater assurance that: (1) support services and follow-up will be better coordinated; (2) an effective client tracking system will be implemented; and (3) that the training and PSE slots created will more accurately reflect the availability and types of jobs in the local labor market area. The bottom-up planning process should be specified in the State plan and the systems currently available through the Job Service, WIN and CETA should be fully utilized. Allowance should also be made for overlapping jurisdictions where local offices, labor market areas and prime sponsor jurisdictions may not coincide. We recommend that JSAP/CETA operational boundaries be specified in the State and local plans, to facilitate local agreements for program operation.

Specific provisions in the State and local plans covering the development of employability development plans should assure that there is no duplication of effort on the part of the State or prime sponsors. Such provisions should assure that only one employability plan is developed for each participant and that it be developed at the beginning of the JSAP period, remaining with the participant throughout the various phases of program activity, including PSE/training and renewed JSAP. The current language in the bill, which could lead to duplication, requires the prime sponsor to assess the employment needs of participants after the 5th week of JSAP participation. In addition, both the comprehensive State plan and local plans must clearly describe how follow-up services will be provided to participants. As presently constructed, this responsibility is contained in both Subparts 1 and 2, and the legislation should require that this area be addressed in the plans.

Regarding the involvement of private industry councils (PICs), we fully encourage their efforts to foster a greater understanding and participation by the private sector in this total reform effort. The current language in the bill, however, could be interpreted as mandating JSAP agencies to jointly operate JSAP programs with PICs. We therefore recommend that JSAP services be provided after consultation with PICs as well as the employer advisory groups of the State Employment Security Agencies (SESAs) and other appropriate organizations.

Regarding AFDC recipients, we do not support the requirement of assuring that the total level of services will not be used to supplant services provided during the preceding year (under this Act or any other Act). States could be held liable to maintain services, even if Title XX appropriations were reduced. A different mix of services may be necessary depending on the types of jobs available and the participant's needs. Additionally, States should not be required to provide services to each individual proportionate to the services provided each individual in the preceding year. The amount of services provided should be left to the States.

Concerning the review of State plans, we support having the State Employment and Training Council (SETC) participate in this process which is in accordance with their prescribed role under the Comprehensive Employment and Training Act. However, we believe that to involve the SETC in the actual development and preparation of the State plan is inappropriate and may detract from the local level planning process which we believe is a critical element to the total success of the program.

Regarding prime sponsor appeals to the State plan or annual program modifications, we recommend that specific criteria be developed within which appeals could be initiated. In the event a prime sponsor chooses to appeal, we strongly favor a system that would require appeals to be directed first to the Governor or legislatively designated State agency, followed by direct appeal to the Secretary. Further, procedures should also be established to permit the Governor or legislatively designated State agency to respond or appeal to the Secretary's decision that would require a change in the comprehensive State plan.

Subpart 2. Federally Assisted Work and Training Opportunities

I. Funding, Appropriations and Cost Limitations

The current language offers no assurance that the 620,000 training slots, anticipated to be made available, will be sufficient to meet the needs of the AFDC population. If adequate funds are not appropriated, the fiscal liability of the States would be increased under JSAP provisions, insofar as the States' AFDC case loads would increase because they would have to continue providing job search and cash assistance. We therefore recommend that this part of the program be made an entitlement to the States, to ensure that PSE and training will be provided to all eligible participants who complete JSA and require such services. Additionally, redirecting and targeting 200,000 Title II-D slots to Title II-E activities is not appropriate. Title II-E should stand alone as a welfare directed Title, maintaining the ability of Title II-D to respond to welfare and non-welfare eligibles.

Of the funds made available, the language in the law should be specific regarding the portion that will be allocated based on the number of AFDC recipients and eligibles in each prime sponsor jurisdiction and the portion to be allocated based on the average cost per training opportunity. Further, our previous comments with regard to the excessive amount of discretionary funds (15%) also apply to this subpart.

Regarding cost limitations, Section 264 of the bill should parallel Section 232 of CETA, Subsection (b) (1) and (b) (3). We believe that the language utilized in Section 232 of CETA, covering benefits, training, and supportive services, is clearer than the reference of Section 264 (a) and (b) in the proposed legislation. Section 264 does not delineate the training services provided under either Section (a) or (b).

II. Federally Assisted Work and Training Opportunities

As previously discussed, we recommend that Title II-E stand alone as a welfare directed Title, with sufficient slots available for PSE, training, and other programs and services available under this Title of CETA. However, we do not support the language in the bill that would require a participant to complete a renewed 8-week job search period following seventy-eight weeks of work of training under this subpart. Regarding the 78-week period, we believe that the time limitations that now apply to individuals assigned to PSE or training under CETA should be the same for individuals assigned activities under the new Part E. Further, we propose that the legislation not mandate a renewed 8-week job search period; rather, the legislation should provide that the JSA component make this determination on a case by case basis, considering such factors as the individual's needs, education/skill level, including skills acquired while in CETA, labor market conditions, etc.

Another issue concerns the new CETA wage allowances which have kept PSE slots at relatively low wage levels and made it difficult to fully utilize existing slot allocations. If this issue is not addressed, it will be difficult to place participants in PSE slots and the increased costs of liberalizing the welfare system will not be offset.

III. Special Conditions

We recommend that language be added to the bill to permit individuals to receive UI benefits as long as they meet qualifying conditions under a State's UI law. This would continue the provisions of current Federal Regulations where individuals must apply for UI, since UI income is unconditionally available (AFDC-FGs can be an exception, where children under 6 remain at home). Weeks worked and wages paid while on PSE assignments should count toward UI eligibility. However, any benefits paid on the basis of such eligibility should be payable from the Federal Unemployment Benefit Account (FUBA). Financing for these benefits, including administrative costs, should continue from federal general revenues.

Mr. **Heartwell**. The next would be Mr. Jack David.

Mr. Robert E. David who is executive director of the South Carolina Employment Security Commission.

Mr. **David**. I am representing the Interstate Conference of Employment Security Agencies and giving testimony in support of a legislatively established role for job service and providing employment services to youth.

I want to tell you how the job service of this Nation can help alleviate our severe problems with youth unemployment. There are two key aspects to the youth employment problem, one is prevention, and the other is remedial.

The large numbers of youth out of school without work represent the most immediate problem, and it is to that group that CETA prime sponsors are directing the bulk of the remedial youth programs.

Job service is a significant member of many prime sponsor community manpower teams implementing remedial CETA programs for disadvantaged, unemployed youth. Job service is already making a significant dent in the pool of unemployed youth through its basic effort.

Last year, for example, 44 percent of all job placements were youth between the age of 16 through 21. But unless we learn to do a better job of preventing youth from joining the ranks of the chronically unemployed as they leave school, we will continue to have a large pool of discouraged, disillusioned and socially disoriented young Americans.

The most significant contribution job service can make is in the area of prevention. Senator Nelson, I would like to illustrate one facet of that contribution by using some statistics from your own State of Wisconsin.

During the past fiscal year, the Wisconsin job service recorded over 120,000 job placements. During the 252 days its offices were open, it averaged about one job placement every minute. That is about 480 placements per day. That is the equivalent, Senator, of staffing a brandnew plant of approximately 480 workers in 252 different locations in the State of Wisconsin. That is a lot of jobs. And these jobs cover the entire spectrum of occupations from managerial, professional, technical, and sales to machine trades, transportation, forestry, and many types of services. I cite these figures to give you some feeling for the massive, dynamic flow of real live job opportunities that pass through the job service system everyday.

Most of today's youth are just plain unaware of the world of work. Too many of them reach their last day of school before they ever really seriously think about and plan for the kind of work that they are going to seek.

The flow of jobs through job service represents a valuable source of information about entry requirements, pay, working conditions, and advancement possibilities for jobs both within the community and across the state. Job information is invaluable in helping youth reach a realistic employment plan. It can help youth visualize themselves in a job setting. It can help overcome a fear of making the big step from school to work. It can help to motivate youth to better prepare themselves.

In short, job information helps with the transition from school to employment. Youth entering the labor market need this exposure to job opportunities. The job service and schools in many States have recognized the value of occupational information and other job service tools in helping youth move from school to employment.

Job service in partnership with the schools has made valiant efforts to provide these services, but the resources that can now be used for youth employment services are minimal compared to the real need. Job service initiatives for the 1980's contain four broad areas of service that are interrelated. I would like to touch on each of these areas briefly.

The first is school to employment. These services would be provided through partnership arrangements with high schools, vocational, industrial, and technical schools, targeted to potential dropouts and students planning to enter the job market. Employment services would be provided on-site in the school setting by job service and school personnel. In addition to bringing occupational and job information into the schools, which I have already mentioned, cooperative arrangements would include providing employment planning, preemployment services, and assistance in job placement.

Now, the second area of services for youth is employment planning. This service is based on a concept that all youth entering the labor market in or out of school should have an employment plan. This is not the same as employability development planning which has the connotation of remedial services, although an employment plan could contain employability development features. For youth trying to move from unemployment to a suitable job, it is important to have an employment goal specified as well as an understanding of the steps involved in achieving this goal.

The third area is preemployment services. These are for all youth, and include labor market, occupational and employment information, testing, employment counseling, and job service skill development. Preemployment services also include indirect services to key personnel in other agencies such as schools, CETA, subgrantees and other agencies. Indirect services would consist primarily of helping key school personnel and staff in other youth serving agencies to become proficient in the use of local job and employment information to supplement the services they provide to youth. This would be done through seminars or temporary or summer employment in the job service office.

The fourth area is the development and operation of an information and tracking system. This is a new service which would provide a tracking and information system for all youth involved in the remedial and/or transitional programs within the community and State. It is a necessary service, not now available and would be useful in determining needs, planning, recruiting. It would prevent youth from falling through the cracks of the community's service delivery system. All youth are in a tracking system, until they leave school. There is no system now in place that keeps track of them from that point until they become successfully employed. Job service is the best equipped to develop and provide that service. Senator, job service is ready. We are willing and able to join together with schools and other youth service agencies in creating an effective delivery system to put youth into jobs in the private sector.

[The prepared statement of Mr. David follows:]

Presentation by Robert (Jack) David, Executive Director
of the South Carolina Employment Security Commission

to

The Senate Subcommittee on Employment, Poverty and
Migratory Labor of
the Senate Labor and Human Resources Committee

March 12, 1980

My name is Jack David. I am Executive Director of the South Carolina Employment Security Commission. I am representing the Interstate Conference of Employment Security Agencies and giving testimony in support of a legislatively established role for Job Service in providing employment services to youth. I want to tell you how the Job Service of this nation can help alleviate our severe problems of youth unemployment.

There are two key aspects to the youth employment problem. One is prevention, the other is remedial. The large numbers of youth out of school without work, represents the most immediate problem and it is to that group that CETA Prime Sponsors are directing the bulk of these remedial youth programs. Job Service is a significant member of many Prime Sponsor community manpower teams implementing remedial CETA programs for disadvantaged unemployed youth. Job Service is already making a significant dent in the pool of unemployed youth through its basic placement effort. Last year, 44% of all job placements were youth between the ages of 16 thru 21.

But, unless we learn to do a better job of preventing youth from joining the ranks of chronically unemployed as they leave school, we will continue to have a large pool of discouraged, disillusioned and socially disoriented young Americans. The most significant contribution Job Service can make is in the area of prevention.

Senator Nelson, I would like to illustrate one facet of that contribution by using some statistics from your State of Wisconsin. During the past fiscal year, the Wisconsin Job Service recorded over 120,000 job placements. During the 252 days its offices were open, it averaged about one placement every minute. That's 480 placements per day. That is the equivalent, Senator, of staffing a brand new plant of approximately 480 workers in 252 different locations in the State of Wisconsin! That is a lot of jobs, and they covered the entire spectrum of occupations -- from managerial, professional, technical and sales -- to machine trades, transportation, forestry and service.

I cite these figures to give you some feeling for the massive, dynamic flow of real live job opportunities that pass through the Job Service system every day.

Most of today's youth are just plain unaware about the world of work. Too many of them reach their last day of school before they ever seriously think about and plan for the kind of work they are going to seek. The flow of jobs through Job Service represents a valuable fund of information about entry requirements, pay, working conditions, and advancement possibilities of jobs, both within the community and across the state.

This job information is invaluable in helping youth reach a realistic employment plan. It can help youth visualize themselves in a job setting. It can help overcome a fear of making the big step to a job. It can help to motivate youth to better prepare themselves.

In short, it helps with the transition from school to employment. Youth entering the labor market need this exposure to the job opportunities.

The Job Service and schools in many states have recognized the value of occupational information and other Job Service tools in helping youth move from school to employment. They have made valiant efforts to provide these services, but the resources that can now be used for youth employment services are minimal compared to the need.

The Employment Service initiatives for the 1980's contains four broad areas of service that are somewhat overlapping. I would like to touch on each briefly.

The first is School to Employment.

These services would be provided through partnership arrangements with high schools, vocational, industrial and trade schools, and be targeted to potential dropouts, and students planning to enter the job market. Employment services would be provided on site in the school setting by Job Service and school personnel.

In addition to bringing the occupational and job information into the schools which I have already mentioned, cooperative arrangements would include providing employment planning, pre-employment services, and assistance in job placement.

The second area of service for youth is Employment Planning.

This service is based on a concept that all youth entering the labor market, in or out of school, should have an employment plan. This is not the same as "employability development planning", which has the connotation of remedial services, although an employment plan could contain employability development features.

For youth trying to move from unemployment to a suitable job it is important to have an employment goal specified as well as an understanding of the steps involved in achieving that goal.

The third area is Pre-Employment Services.

These are for all youth and include: Labor Market, occupational and employment information, testing, employment counseling, and job search skill development. Pre-employment services also include "indirect services" to key personnel in other agencies such as schools, CETA sub-grantees, and other agencies.

Indirect services would consist primarily of helping key school personnel and staff in other youth serving agencies become proficient in the use of local job and employment information to supplement the services they provide to youth. This would be done through seminars, or temporary or summer employment in Job Service offices.

The fourth area is the development and operation of an information and tracking system.

This is a new service which would provide a tracking and information system for all youth involved in remedial and/or transitional programs within the community. It is a needed service not now available and would be useful in determining needs, planning, recruiting and would prevent youth from "falling through the cracks" of the community's service delivery system.

All youth are in a tracking system now until they leave school. There is no system now in place that keeps track of them from that point until they become successfully employed. Job Service is best equipped to develop and provide that system.

Senator, Job Service [illegible]y, willing and able to join together with schools and other youth se[illegible]gencies in creating an effective delivery system to put youth into [illegible] the private sector. We know we have an important contribution to m[illegible] We only need the opportunity.

In order to make a significant start in improving the transition of youth into successful employment, the Job Service is requesting $150,000,000 for Fiscal Year 1981. This would enable us to get underway in each State, building on the successful demonstrations and pilots scattered around the nation. The second year we propose an appropriation of $250,000,000. Priority for the establishment of these special youth services would be given to youth living in areas of high incidence of disadvantaged and minority unemployed youth.

Our current efforts to provide placement and other basic employment services would be maintained. New monies would be for the development and provision of services I have described.

We propose an allocation of 80% of the resources based upon two factors; first, the number of youth aged 16 through 21 and second, the average annual number of those youth unemployed.

The remaining 20% of the funds will be allocated to fund the Job Services for joint cooperative programs and projects involving schools, and/or CETA agencies, and/or other appropriate youth serving agencies.

Finally, we propose that these youth services be evaluated in a manner that reflects success in moving from unemployment to successful employment avoiding such narrow measures as filled slots or the traditional ES job placement measure.

Mr. Chairman, we appreciate the opportunity to present our thinking on this issue, an issue which is so important to the welfare of our youth and to our country. My associates and I will be happy to answer any questions which you or other Committee members may have.

Employment Service Youth Initiatives Proposed to the Senate Subcommittee on Employment, Poverty, and Migratory Labor of the Senate Labor and Human Resources Committee

Interstate Conference of Employment
Security Agencies, Inc.
March 12, 1980

Employment Service Youth Initiatives for 1980

Overview

Today's youth face significant problems in attempting to become a permanent part of the labor force. The unemployment rate for all youth has been over 15 percent for most of the past two years. Among minority and disadvantaged youth, this rate has soared to over 40 percent. With overall unemployment rates of almost three times the labor force as a whole, it is clear that any youth must overcome significant barriers in order to be competitive in the labor force.

Youth are hampered by the fact that there are not enough jobs to meet their employment needs. Since they may lack skills and/or experience to be competitive, they absorb a disproportionate share of the unemployment.

There are programs designed to achieve employment parity for youth. However, they currently exist without a coordinated system. As a result, youth tend to receive only those services which are available at the service point they touch --whether or not those services are the most appropriate to meet their needs. Without such a coordinated system, the path to career employment is often crooked, awkward, fraught with unnecessary steps.

There were two significant initiatives in the recent history of employment and training programs for youth -- programs authorized under the Youth Employment and Demonstration Projects Act of 1977 (currently, Title IV of the Comprehensive Employment and Training Act) and the youth emphasis provided by the system of Employment Security Agencies located throughout the nation.

The Youth Employment and Demonstration Projects Act (YEDPA) has stressed the need to explore and experiment with alternative methods which provide a broad range of employment and training programs to eligible youth. The Act builds on a long history of Department of Labor Youth Programs including Manpower Development and Training Act (MDTA) programs, Youth Opportunity Centers, and Job Corps--all of which were administered by the State Employment Security Agencies.

The focus on demonstration projects, incentives to instigate wide application of successful approaches and performance based formula funding are the strengths of programs under YEDPA. However, the Act has mandated that most of its services be provided to disadvantaged youth (within a very narrow definition), virtually ignoring the employment and training needs of youth in the general population. As the programs under YEDPA have grown and been added to the previous youth programs, the system has become increasingly diffused in local communities so that no one operator--school, CETA Prime Sponsor, Employment Security office, or private organization--has the knowledge of all programs available to youth. There are few places local youth can go to discover the wide variety of employment assistance available.

The State Employment Services have, historically, placed special emphasis on services to youth. This has resulted in youth placements in jobs (for persons under the age of twenty-two years) which have exceeded forty percent of total placements. Since the Employment Service received no designated funds for this activity, intensive efforts (including pre-employment services and local coordination of employment and training programs on behalf of youth) have achieved results only in proportion to local interest and enterprise. During fiscal year 1979, Employment Security activities resulted in almost 2 million* youth placements. However, these and the other youth employment and training programs are insufficient when compared to the enormity of the problem.

Proposal Emphasis

The proposed youth employment legislation for 1980 offers an opportunity to expand upon the experience gained through both the Youth Employment and Demonstration Projects Act and through the Employment Service youth emphasis. The new legis-

* (See attachment)

lation we propose will expand services to all youth in the recognition that the unemployment rate for those under 22 years old is more than twice the national average. It will provide a mechanism in each community to which youth may look for employment and training assistance. It will provide an expansion of the school-to-employment services which have shown demonstrated effectiveness.

The way to fulfill this potential is legislatively to enhance the role of the Employment Service to provide additional in-depth services to youth and to appropriate additional monies to perform these activities. Priority of service will be targeted to those districts and areas with high and persistent unemployment, where youth face severe barriers to employment such as minority, and economically disadvantaged. This enhancement of the Employment Service will provide "prevention" employment and training services. Prevention services focus on preparing and transitioning youth into the labor market before barriers to their employment become so great that the remedial services of CETA become necessary. They encourage a multiplier effect achieved through greater Employment Service involvement; i.e., the extended impact of better preparation of both employers and educators, who also work directly with many youth. For example, the Employment Service can support the educational system through providing labor market and employment counseling information, and test training to school counselors who, in turn, can do a better job of counseling youth toward careers. This role will stress the interrelations of the CETA Prime Sponsors, the educational institutions, and non-profit organizations with the Employment Service, the supportive partner whose responsibility it is to develop cooperative relationships and avoid duplications in the youth employment and training system.

The enhanced role of the Employment Service should be made operational in ways that its successes can be documented and expanded upon. To accomplish this, youth legislation should:

Establish common measures of success for all youth employment and training programs authorized under the Act to provide a consistent base for evaluation. Definitions should be provided for potential program outcomes such as employment in unsubsidized jobs, employment in subsidized jobs, employment experience, enrollment in career training programs, enrollment in vocational educational training programs, etc.

Establish a base for funding which would specifically identify youth services to be accomplished and provide incentives for accomplishing them.

Further, the legislation should define the base services (without limiting the Employment Service to providing only those services) which the Employment Service would provide. A synopsis of these services, as well as a background to them, is provided in the next section.

Employment Services

1. School-to-Employment Transition. Since September 1978, the Employment Service, through demonstration monies provided by the DOL Office of Youth Programs, has been testing the concept of School-to-Employment Transition in six locations throughout the country. These programs offer in-school services for youth, provide base employment services to the general population of a high school or vocational school (and in some cases surrounding schools) and provide intensive employment services to disadvantaged youth. The importance of this program is to provide a direct linkage between traditional academic education and the world of work which youth will soon enter. It complements the initiatives of the Career Education Incentives Act with its impact on Vocational Education through:

Assisting educators by providing employment information so that youth are exploring realistic career options and making rational career choices;

Assisting career educators in providing the skills to students in order that they become competitive in the local job market;

Providing direct linkages with the employer community to serve as a conduit for career exploration experiences and as involvement for later job development activity.

The key to success in such programs includes joint Employment Service/school district planning from the initiation of the project, classroom credit for career education experiences, employer community participation in career exploration experiences, development of curriculum and the development of participant placements.

Services for general population youth include Job Bank, automated occupational information services, job finding literature, trades information, and post-secondary educational information. An intensive program for disadvantaged youth focuses on career exploration and the development of employment plans, starting from where youth are in school. Intensive career counseling is also offered.

The results of these programs include increased placements of youth, particularly in the private sector, and less need for remedial employment and training services because youth are job ready. The School-to-Employment Transition Program results in a better awareness on the part of educational institutions as to how academic education fits into career planning. The increased involvement by employers also makes education more relevant.

The School-to-Employment Transition Programs have revealed another group who strongly need employment services: youth who migrate from rural to urban areas in search of employment. An expanded program should prepare youth who will be leaving rural areas to face urban job market as well as provide linkages to the

Employment Service offices in urban areas which are prepared to receive rural youth.

These programs have already been through a useful demonstration phase which has furnished lessons for wider implementation. What is currently needed is additional funding to expand the successful aspects of these programs and to provide an emphasis on the important linkages between the Employment Service, education, employers and community.

2. Employment Planning. Youth who are referred to agencies outside the Employment Service will require initial assessment in order to establish the appropriate referral. Many of these youth will be referred back to the Employment Service for placement in unsubsidized employment or referral to additional services. For the youth involved, it is important to have an employment goal specified as well as an understanding of the steps involved to achieve that goal. For the Employment Service, it is important that there is a clear path to unsubsidized employment and that the services provided allow the participants to meet such goals.

   These needs require that the Employment Service be funded to enlarge its capacity to develop and/or coordinate employment plans (EP's) for youth who apply or who are referred. These employment plans should be simple and easy to understand. They should be relevant--particularly in the eyes of the applicant. The EP's must be flexible and easy to modify as the applicant's needs, skills, and interests become more defined. The EP should include counseling and testing, assessment, coordinating with the agencies which would deliver intensive pre-employment and training services, and achieving a degree of ownership of the EP on the part of the individual for whom it is being prepared.

3. Pre-Employment Services. Employment Security agencies can provide a number of pre-employment services directly to youth. In addition, other services can

be provided, indirectly, through support of other agencies (e.g., schools, vocational training institutions, CETA Prime Sponsors, etc.). These services include:

a. Employment Information -- The Employment Security agencies have developed a number of information tools concerning work, where it is, how to get to it and detailed job information, including an automated Occupational Information Service. Potentially, one of the most valuable tools is specific Labor Market Information--an exclusive responsibility of Employment Services throughout the nation. Such data could provide youth with a picture of the real world of work which they are trying to enter. It includes job market demand listings and projections, by occupation, for use in both career planning and career counseling. This service of the Employment Service needs expansion as well as dissemination to other agencies.

b. Testing -- The Employment Service utilizes the only currently validated aptitude test -- the General Aptitude Test Battery (GATB).

Services include use of the test with Employment Service applicants and teaching other agencies to use the test battery. However, funding does not permit utilization of testing services in proportion to the needs of the youth population. Extended use of this tool would be invaluable for career planning and career counseling.

c. Employment Counseling -- The Employment Service has a continuing program of employment counseling which includes extensive training for counselors. Funding limits its current availability to a small percentage of applicants. Expansion of this program would allow the use of better testing and employment information resources as counseling aids. It could provide better linkages with school counselors. It is the resource necessary to implement the employment plans.

This should be coupled with a strong program of employment counseling for out-of-school youth which focuses on the school dropout. For the school dropout, the barriers to employment may be the greatest. Special outreach programs are important to reach these youth and help them to deal with the barriers -- which start with lack of education. The focus must be on employment planning but with special empahsis on referral to community resources aimed at helping the dropout to become job ready.

d. Job Search Skills Development -- Many youth possess the skills to be valuable in the labor exchange but have no concept of how to market themselves. By looking at job finding as a skill in itself and by teaching it in workshops, these youth can rapidly become ready to compete for jobs. Such efforts include introduction to the labor market, job search skills, self-esteem and positive self-presentation and interviewing skills. A minimal amount of activity (40 to 80 participant hours) can quickly prepare an applicant for referral.

e. Services to Cooperating Agencies -- The coordinating role of the Employment Security agencies can include support of the schools, local government, and private sector agencies which serve youth. Services should include providing linkages with employers for jobs and input to program content, counseling and test administration training and development of employment data for local labor market conditions.

4. Information and Tracking System. The Employment Security agencies currently operate the only coordinated national automated system for tracking employment data in the nation. This system can be developed to track youth from intake through various pre-employment services through employment. Because the system

is statewide in each State, it might also be used to track youth who migrate between areas. This system can also be used to track programmatic activity and provide an information base to assess the effectiveness of services. Those elements pursued by the information and tracking system would include services received, employment plans and levels of achievement reached.

A number of States currently have on-line systems in place and could begin operations immediately. Other States are at a developmental point in their systems. These States could be sites for demonstration projects to test enhancements of information systems. Other States could expand incrementally on the experience of both the operational and demonstration States.

Employment Security agencies can act as coordinators of program information through the nationwide network of local offices. This will provide at least one point in each community to which youth or other agencies can go to find information regarding services and programs available. This community information system can be initiated as soon as resources are available to support it. It can begin as a manual filing system and, later, be automated through adaptations of existing systems, in large States where that is appropriate.

The development of a comprehensive information and tracking system can be a major advancement in the coordination of services to youth.

Summation

The need for employment and training services for youth has been well documented. This has led to a number of new youth employment and training programs during the past ten years. What is currently needed is a way of coordinating these services so that:

Services can be provided most effectively to those in need of them;

Program participants can see a step-by-step path leading to career employment;

The many agencies involved in providing services do so in a coordinated manner;

There is comprehensive employment and training information available in every community to youth desiring employment services.

It is also extremely important to increase the services to general population youth since any youth is at a disadvantage when trying to find a job in today's job market.

The ideas presented in this paper would go a long way in coordinating current services and providing additional services. However, none of the ideas presented here are new. Somewhere in the nation, each exists as an effective program of the Employment Service due to demonstration funding, the interest of an Employment Service manager, the involvement of a CETA Prime Sponsor, or a community dedicated to seeing that their youth receive better than the average fare. What is not needed is an emphasis on newness which will cause energy and resources to be directed to "re-inventing the wheel." What is needed is a legislative initiative which will provide for the expansion of successful programs and aspects of programs to all geographical areas of our nation and all sectors of our society.

ICESA,
March 12, 1980

Selected Services to Youth (Under 22) by State Employment Service Agencies Fiscal Year 1979

Individuals Served/ Activities Performed	Number	Percent of Total
Applicants	5,102,146	32.9
Counseling	312,214	29.1
Testing	285,981	34.7
Referred to a Job	3,072,395	37.7
Placed	1,981,315	43.7
Over 150 Days	1,129,899	35.5

Senator **Nelson**. It is not really clear to me exactly what you are referring to when you talk about a tracking system.

Mr. **Verchereau**. My name is Stuart Verchereau of the Vermont Job Service. What this system would do is provide us a method of keeping track of the services provided, the employment plan for each young person, and what their goals were and what they had received for services from other deliverers. We would have, in one place, a complete history, if you want to call it, of the individual's record to date. This could be used both for the individual in planning his/her employment and also for planning other programs.

Senator **Nelson**. Well, when do you start to use this tracking system? When they leave school?

Mr. **Verchereau**. It would be coupled with what schools already have going. It would pull several systems together. Other deliverers have their own tracking system that only tracks youth while they are in that component. For example, the school, or maybe CETA or the job service may track the young person for a short time. This would incorporate all of them into one system.

Senator **Nelson**. Until job placement?

Mr. **Verchereau**. Yes. It would follow them through to employment.

Senator **Nelson**. And that ordinarily would be what span of time?

Mr. **Verchereau**. It would vary on an individual basis.

Senator **Nelson**. But do you not have any idea?

Mr. **Verchereau**. One of the things we are pointing out here is that we call this employment rather than work. We like to think of tracking as following youth until the individual is in their first career job. Taking part-time or summer time employment, would not end tracking for young workers still developing career choices.

And a part of the process would be part-time jobs. That would be a part of the record; the fact that they worked on an exploration basis here and there, and so on and so forth. It would be part of their record. And it also would spell out that the individual had completed certain courses.

Senator **Nelson**. And how would you set that up? You would take everyone who leaves high school?

Mr. **Verchereau**. For those areas that the job service would have the funds to serve in this program, yes.

Senator **Nelson**. OK. Go ahead.

Mr. **David**. Senator, job service is ready, willing and able to join together with the schools and other youth serving agencies in creating effective delivery systems to put youth into jobs in the private sector. We know we have an important contribution to make. We only need the opportunity to do it. In order to make a significant start in improving the transition of youth into successful employment, the job service is requesting $150 million for fiscal year 1981.

These funds would enable us to get underway in each State, building on the successful demonstrations and pilots scattered around the Nation. The second year, we propose an appropriation of $250 million. Priority for the establishment of these special youth services would be given to youth living in areas of high incidence of disadvantaged and minority unemployed youth. Our current efforts to provide job placement and other basic employment services would be maintained. New moneys would be for the development and provision of the services that I have described to you today.

We propose an allocation of 80 percent of the resources based upon two factors, first, the number of youth aged 16 through 21, and second, the annual average number of these youth unemployed. The remaining 20 percent of the funds would be allocated to fund the job service for joint cooperative programs and projects involving schools and/or CETA agencies and/or other appropriate youth serving agencies. Finally, we propose that these youth services be judged on the basis of successfully moving unemployed youth into suitable jobs.

Mr. Chairman, we appreciate the opportunity to present our thinking on this issue, an issue which is so important to the welfare of our youth and to our Nation. My associates and I will be happy to answer any questions which you or the committee may have.

Senator **Nelson**. Thank you very much. Does anyone else have testimony to give?

[No response.]

I understand that Mr. Larry Lockhart, CETA administrator, Union County, N.J., has arrived.

STATEMENT OF LARRY J. LOCKHART, CETA ADMINISTRATOR, UNION COUNTY, N.J.

Mr. **Lockhart**. Thank you, Mr. Chairman.

Senator **Nelson**. Your statement will be printed in full in the record. You may present it however you desire.

Mr. **Lockhart**. Thank you very much, Senator. My name is Larry Lockhart. I am the director of the Union County Department of Human Resources. I am representing the county manager, Mr. George Albanese this morning.

As you know, Union County, N.J., has been designated one of the test sites for welfare reform, affectionately called in Union County.

Our particular demonstration project is testing the viability and replication of the framework designed to simultaneously reduce the dependency of the welfare population in our county; reduce permanently the cost of providing welfare to citizens in our county; provide job search, supporting services and job placement within the private sector to the welfare population who possess employable skills; and also provide training for those individuals that have historically been unemployed.

The central focus is to use the instrument of jobs training to eliminate welfare dependency. I think this is a very critical process in dealing with the overall comprehensive approach to providing a system that will provide quality and quantitative information on what our dollars are being used for and to what degree we are receiving a reward for those citizens in our county that are not on welfare and ask the question many times for what reason are we spending these millions of dollars.

It is time that the process dictate a response to those taxpayers that will provide them with a monetary reward in reduction of taxes in our local municipalities.

As an example of our efforts toward this goal in my presentation, we just took a quick analysis from October 1979 to March of 1980 and we had approximately 58 individuals that were directly removed from the welfare rolls; 293 received grant reductions.

One of the interesting things about the process is that in Union County we have taken an approach that has historically been a questionable one. We decided it is high time we dealt with all the bureaucratic structures that are performing various tasks to support this particular population.

Our plan is molded around mandatory participation from our county welfare board which is an autonomous body, the State employment service, the city of Elizabeth, and our county department of human resources.

This kind of collectivism has brought about a spirit of cooperation that has been admitted through the CETA process. CETA directors across this country were charged with a responsiveness to a problem the last 3 or 4 years that required efficiency in developing a manpower delivery system that was monitored nationally, and locally on a daily basis.

As a CETA director I can honestly report, as have most CETA directors across this country, that the system has worked, and I think that the welfare reform process needs to pattern its process behind that system which generated the kinds of productivity of this particular class of people that were historically cast with barriers, names, such as unwilling to work, individuals as being lazy, individuals of not having the desire to want to provide for their families.

The CETA system, I think, has brought about a process which provided a conclusion to at least one basic issue, and that is that welfare recipients across this country are people—just as middle class citizens.

In Union County, we decided to take all of the institutions that had been charged historically with this responsibility, mesh them into a process and hold them accountable for the particular element they say they are prepared to provide.

For instance, the State employment service in our county is charged with the responsibility of delivering the jobs through its component.

To build what we were talking about earlier, there is only one problem that I would like to voice in that process. You cannot take the position, and I would hope that this subcommittee would not take the position, to ignore the efforts of the CETA directors, to ignore the paths that have been taken to provide the kind of continuity and discussion and negotiation for an effective local employment process.

To ignore the time that was spent in the last 4 years, would be wasteful. It is imperative that the CETA director have more than just an opportunity to speak to the State officials as to specifics concerning that job search program.

One of the most important elements of dealing with the AFDC population is that we find historically there are numerous avenues that welfare recipients take and various bureaucratic organizations that deal with the same family.

Unless there is a collective mechanism at the local level to take a look at that entire family process, there will not be the kind of qualitative analysis that we need to give to the general public as it relates to our success with our program.

Another very important area which I think is imperative are the day care provisions presently provided in legislation which, at this point in time, relies heavily on the cash side of the bill and places the burden of responsibility on that AFDC mother to identify a welfare provider at a very menial amount.

I say to this subcommittee that if priority of welfare reform is to reach the kind of expectations we have already demonstrated it can reach, we must not overlook the kind of needs that common folk require in order to work without problems.

Child care, as demonstrated under title XX, has become a priority on the lips of every working mother in this country, and to deny a structured process to the AFDC mother would cause an unnecessary and unfair burden.

We are dealing with a population that historically has not been provided with an opportunity to go to work. It has a number of problems in which our pilot program has structured a process and dealt with it, rather admirably under the existing bureaucratic system.

The other area I think it imperative to mention are the incentives that are offered; food stamp incentive, for instance. If an individual participates in this particular program, there is actually a disincentive because they are going to lose dollars on their food stamps.

In preparing legislation we must be mindful of the fact that that which is presented as a carrot does not become a stick. We cannot, on one hand, offer an opportunity and, on the other, present a situation that will not provide at least the basic requirements for survival.

I cite for you, very quickly, the fact that the Census Bureau right now has moved to allow AFDC recipients to work in that particular process between now and August and will not affect the AFDC allowance payments whatsoever.

These kinds of incentives provide an individualized motivating factor for a person to participate in what I think is a very beneficial program.

Senator **Nelson**. What authority does the census have for deciding that they could be employed and not lose any welfare? That is not within their authority, is it?

Mr. **Lockhart**. I can only say to you that in our county one of the questions we raised, because we deal with the AFDC population under this pilot program, is that the Census Bureau hire individuals on a part-time basis, and we asked the question specifically whether or not this would be deducted from the normal AFDC welfare process.

Senator **Nelson**. Well, that was a decision of the local welfare agency or the State then?

Mr. **Lockhart**. It was a decision that was passed through the Census Bureau. It was not a local decision at all.

Senator **Nelson**. I do not think the Census Bureau has that authority, but go ahead.

Mr. **Lockhart**. The final comment that I would like to make is that in looking at the problems that are associated with this kind of program we must take into consideration the factors that affect all of us at this point in time, and those are transportation and energy.

We are dealing with a population that requires some specific attention and support in this particular area. I am not coming before this committee requesting that appropriations be made to enhance the process that already is in place. I am only suggesting that the various linkages within the legislation such as in the Community Development Act which provides an opportunity for Federal grants to match—other Federal grants to produce more, in reviewing that linkage aspect you take a hard look at some of the kinds of legislation which could be passed to provide these kinds of constructive linkages for programs that affect the AFDC population.

In Union County we decided to take the title III nonemergency transportation program for the elderly and handicapped and phase that into this system or phase the AFDC transportation system into this process to provide transportation for these individuals to the various worksites around the county.

It is a distinct problem, and on the local level, we are going to have to address that, and if we could receive some support from this level, it would certainly be helpful.

In closing, I would just like to add that in Union County, the welfare demonstration program has provided, I think, a catalyst which has fostered the working coordination of the bureaucratic systems that presently deal with this population, except it provides one thing that was not there before; it provides the dollars and the necessary expertise to insure that the entire population is being dealt with.

It is a very defeating factor when an individual moves into a situation only to find that they are number 1,001, and we are only accepting 1,000 as was experienced in the past WIN process.

The dollars were not there to provide the kind of training to the large numbers that are required in the AFDC process, as well as the welfare reform demonstration project. After this year we will be in a position to demonstrate not only to Union County residents and taxpayers the fact that once classified unskilled, incapable individuals had become, through the use of the existing bureaucracies, not only individuals that are self-sustaining, taxpayers, but most importantly, true American citizens in a time when this country needs to take a look at the population for whom we fostered programs in a minimal way and not in a manner structured to handle the entire problem.

I am proud to have been selected for this opportunity, and assure you that if this legislation is supported nationally, you will have something to be proud of and the people will be proud that they have elected individuals that have not dealt with their problems in a minimal way but in a maximum effort.

Thank you.

[The prepared statement of Mr. Lockhart follows:]

STATEMENT

BY

LARRY J. LOCKHART

DIRECTOR, DEPARTMENT OF HUMAN RESOURCES

REPRESENTING GEORGE J. ALBANESE

COUNTY MANAGER, UNION COUNTY, NEW JERSEY

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR OF THE COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

WEDNESDAY, MARCH 12, 1980

My name is Larry Lockhart. I am the Director of the Union County, New Jersey Department of Human Resources. I am here this morning representing Mr. George Albanese, the County Manager, who requested that I express to this committee his apologies for his inability to appear before you.

As you know, Union County, New Jersey, was designated as one of the 16 sites to test the various components of the proposed Welfare Reform Legislation. Our particular demonstration project is testing the viability and replication of the framework designed to simultaneously -

1. Reduce the dependency of the welfare population;
2. Reduce permanently the cost of providing welfare;
3. Provide job search, supporting services and job placement within the private sector to the welfare population who possesses employable skills;
4. Provide training for the welfare structurally unemployed for placement within the private sector.

The central focus is to use the instrument of job training to eliminate welfare dependency and to move people from wards of the State to a state of economic well being and self sufficiency. As an example of our efforts toward this goal, Exhibit I (attached), indicates that in the period of October 1979 to March 1980, 58 individuals were permanently removed from the welfare rolls. The saving to the community (based on an annual rate of support) was approximately $140,000. The cost of job search and job training was less than half that amount.

At the same time, during that same period October 1979 - March 1980, 293 people required approximately $360,000 less (on an annual basis) for maintenance because of securing employment.

Part of this accomplishment has been due to the unified efforts of five separate and distinct autonomous bureaucracies, namely:

The County Welfare Board
The State Employment Service
City of Elizabeth CETA
Department of Human Resources
Division of Employment and Training

As with the start-up of every new enterprise, and especially one involving the cross over of bureaucratic responsibility and functions, numerous difficulties arose merely in securing a united and efficient approach with respect to the procedural mechanism designed to implement the program. There was no disagreement as to substantive measures or upon the desired goal, merely upon the route to be used. Those minor issues have been resolved. There remain, however, three structural problems which I would like to bring to your attention because they adversely impact upon the enrollments into our demonstration program and the viability of the program itself.

The first is the system of Day Care. The greatest need encountered by an AFDC parent in securing and maintaining employment is securing a facility which will provide appropriate child care. At the same time, the Day Care provider has its own concern - its reliance, with reasonable predictability, upon a guaranteed source of income to meet its projected expenses.

The mechanism of direct payment to the Day Care Provider changes - to the disadvantage of the program administrators who are attempting a rationalization, consolidation, consistency and predictability of Day Care facilities, and seriously hampers the administration of the program.

As the AFDC parent progresses in our program from enrollment to successful job placement, direct payment to the provider is terminated. In its place, a a sum is made available to the AFDC participant who is now charged with the responsibility of meeting his or her own obligation for the cost of the Day Care services.

This is designed to develop and foster self-sufficiency, responsibility and decision making among the former welfare participants and generally they perform admirably.

However, because of the changing system of payments to the Day Care provider, our ability to develop large slots within the Day Care Centers is hampered by the simple fact that:

1) The Day Care Provider must seek payment from each individual, self-sustaining person.
2) The Day Care Provider (a non-profit organization) is unable to expand prospectively in anticipation of the new and additional demand for services merely because there is no guarantee that there will be a source of income sufficient to meet the costs of expanded service.

The aim of inducing and developing self-sufficiency, reliability and responsibility among the AFDC participants is a laudable one. At the same time, however, the Day Care Centers require a guaranteed source of funding in order to keep in step with the growing surge of people from welfare into the private sector economy.

We respectfully request that the Committee address itself to this emerging problem, secure in the knowledge that you will be able to promote a policy consistent with both goals.

The second problem which adversely affects the success of our demonstration program concerns the method by which food stamp allotments are calculated. While S1312 does not address itself to the cash component side, it is so closely interwoven with the job opportunities program that I feel it necessary to touch upon the problem in the hope of an eventual resolution to the betterment of this demonstration program.

Specifically, allowances which are to act as incentives to participants in the program are not counted against the welfare payment which a participant receives, but are calculated when determining the amount of food stamp allotment to each individual and his family. In this manner, what is offered as a carrot, becomes a stick. An individual will receive $30.00 per month allowance, but stands to lose as much as $15.00 per month in food stamps. Therefore, the incentive is reduced to less than 50¢ per day. Either there is to be a meaningful incentive, or there is not. The present system raises expectations and reduces those expectations to frustrations and disappointments.

This is not a new problem, but it does require a determination that a meaningful incentive be offered or that there be no incentive at all.

The third problem with which we are grappling is the provision of transportation from the home site to the work site. The welfare population reside, for the most part, in Elizabeth, Plainfield, Rahway and Linden. The areas where jobs are now being found are in other municipalities of the county and in the adjacent counties of Essex, Middlesex and Morris.

We are developing a direct linkage with our existing handicapped and elderly transportation system presently being underwritten by various funding sources including Title III, Community Development, CETA and Medicaid.

This interim solution was designed to deal with the unanticipated energy problem and lack of public transportation.

Attached are various exhibits which:

1) Provide a demographic, social and economic profile of the wildly heterogeneous County of Union, New Jersey; and
2) Provides a succinct summary of the Employment Opportunities Pilot Program.

We live in a technologically sophisticated, industrial age, which has a growing and unfulfilled demand for skilled labor. We see our role as providing the training and the supportive services which will enable the structurally unemployed to enter and remain in the main stream of our present economy.

In the short time that we have been in operation, we have proven that this can be done ... and that this initial investment will result in both short and long term benefits. We request that this program be continued and that it become part of National policy.

Exhibit 1 - Union County Board of Social Services
Grant Reductions Due to Employment

Exhibit 2 - Maps of the County

- A. Union County Location
- B. Political Subdivisions
- C. EOPP Sites

Exhibit 3 - Union County Demographics

- A. Population Estimate by Municipality
- B. Population Projections by Age, Race, and Sex
- C. Poverty Estimates by Municipality
- D. Per Capita Income 1969-1975
- E. Median Family Income by Municipality

Exhibit 4 - Employment Opportunities Pilot Program

- A. EOPP Flow Chart
- B. EOPP Component Summary

Exhibit 5 - Enrollments

- A. Cumulative EOPP/Job Search Enrollments and Terminations
- B. EOPP Participant Tracking

Exhibit 6 - January 1980 AFDC Statistics by Town and Total Grant

Exhibit 7 - Summary of AFDC Population Served by Union County CETA
October 1, 1978 to December 31, 1979

Exhibit 1

UNION COUNTY BOARD OF SOCIAL SERVICES
GRANT REDUCTIONS DUE TO EMPLOYMENT
OCTOBER 1, 1979 - MARCH 1, 1980

	TERMINATIONS*			GRANT DECREASE*	
MONTH	# OF CASES	AMOUNT	MONTH	# OF CASES	AMOUNT
OCTOBER	12	2,702.00	OCTOBER	47	$ 4,129.00
NOVEMBER	7	1,319.00	NOVEMBER	62	6,839.00
DECEMBER	6	798.00	DECEMBER	62	7,851.00
JANUARY	11	2,397.00	JANUARY	51	4,985.00
FEBRUARY	12	1,693.00	FEBRUARY	36	2,820.00
MARCH	10	3,041.00	MARCH	35	3,733.00
TOTAL	58	11,950.00	TOTAL	293	$30,365.00

* Codes: 010 - AFDC Father

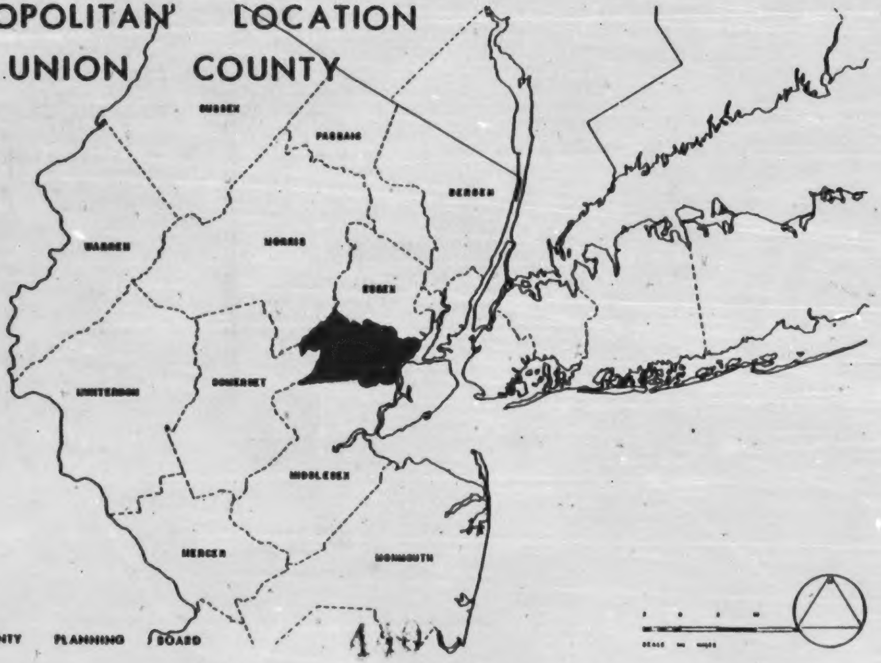
011 - AFDC Mother

* Codes: 001 - Income from new job.

002 - Increase in earned income.

Exhibit 2 - A

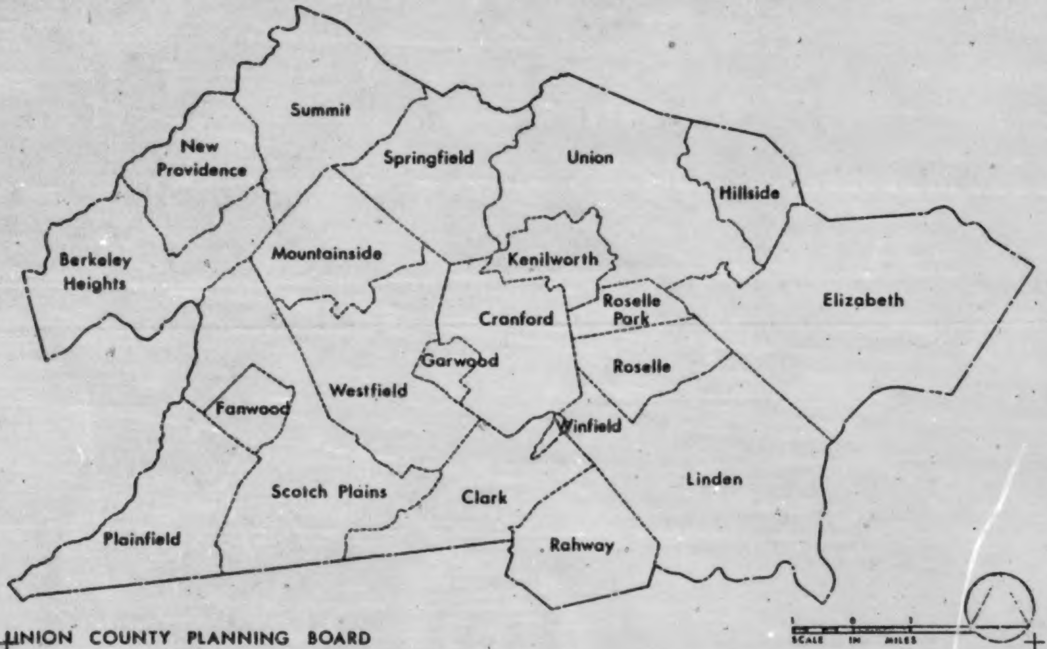
METROPOLITAN LOCATION OF UNION COUNTY


SUSSEX
PASSAIC
BERGEN
WARREN
MORRIS
ESSEX
HUNTERDON
SOMERSET
MIDDLESEX
MERCER
MONMOUTH

UNION COUNTY PLANNING BOARD

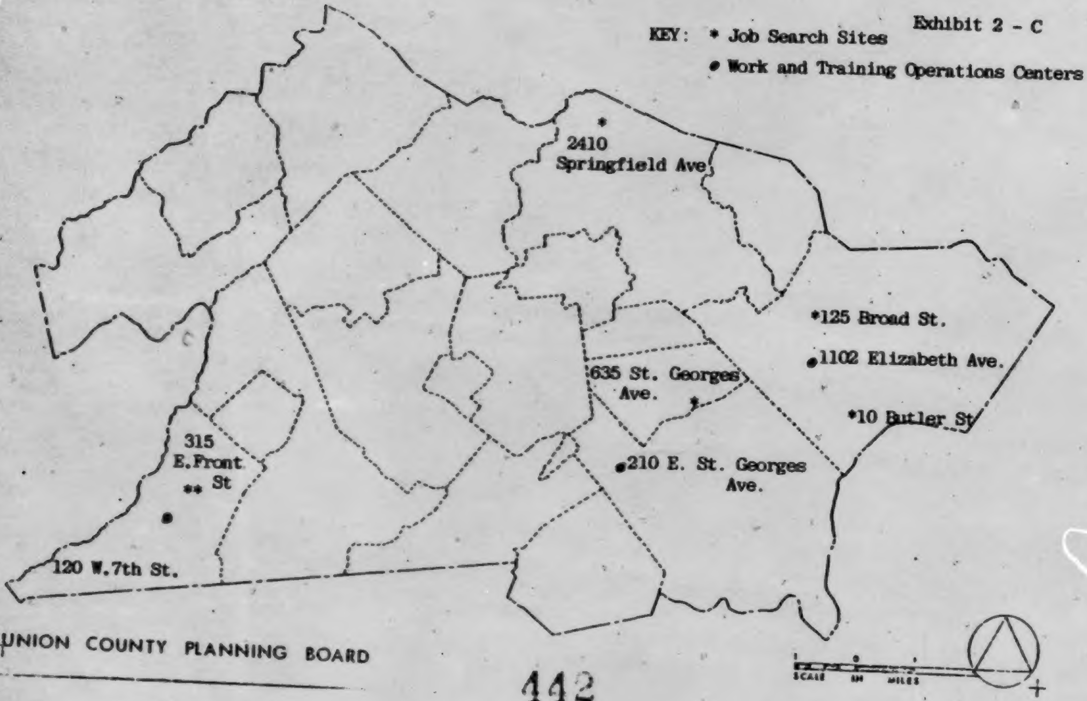
Exhibit 2 - B

COUNTY OF UNION


Summit
New Providence
Springfield
Union
Hillside
Berkeley Heights
Mountainside
Kenilworth
Elizabeth
Roselle Park
Cranford
Garwood
Roselle
Westfield
Fanwood
Winfield
Linden
Scotch Plains
Clark
Plainfield
Rahway
1
0
1
SCALE IN MILES

UNION COUNTY PLANNING BOARD

Exhibit 2 - C


KEY: * Job Search Sites
● Work and Training Operations Centers
*
2410
Springfield Ave
*125 Broad St.
●1102 Elizabeth Ave.
*10 Butler St
635 St. Georges
Ave.
*
●210 E. St. Georges
Ave.
315
E.Front
St
**
●
120 W.7th St.
SCALE IN MILES

UNION COUNTY PLANNING BOARD

Exhibit 3 - A

POPULATION ESTIMATE BY MUNICIPALITY

Union County	Area in Sq. Miles*	Population Density Per Sq. Mile	Estimate July 1,1977
Berkeley Hgts, Twp.	7.5	1,752	13,142
Clark,Township	4.6	3,861	17,763
Cranford, Borough	4.8	5,401	25,924
Elizabeth, City	13.3	7,788	103,591
Fanwood, Borough	1.3	6,473	8,415
Garwood, Borough	0.7	6,981	4,887
Hillside, Township	2.7	7,717	20,837
Kenilworth, Township	2.1	4,118	8,648
Linden, City	11.3	3,511	39,618
Mountainside, Borough	4.0	1,785	7,146
New Providence, Borough	3.6	3,694	13,300
Plainfield, City	5.9	7,398	43,652
Rahway, City	4.0	6,961	27,844
Roselle, Borough	2.6	8,309	21,604
Roselle Park, Borough	1.2	11,126	13,352
Scotch Plains, Twp.	9.1	2,382	21,683
Springfield, Township	5.1	2,909	14,838
Summit, City	6.0	3,711	22,266
Union, Township	9.0	5,552	49,915
Westfield, Township	6.3	5,148	32,434
Winfield, Township	0.2	9,865	1,973
Total	105.3	109,842	512,952

Source: N.J. D.O.L.I., Division of Planning and Research, Office of Demographic and Economic Analysis. (Estimates may differ from U.S. Census Provisional Estimates)

* Master Plan - Union County, N. J.

[1] Table I-1 - These population estimates by municipality are prepared by the State of N. J. using Census corrections and updates, municipal data and vital statistics and housing trends. The latest available estimates are for 1977, but current projections show little change from this level.

Exhibit 3 - B

POPULATION PROJECTIONS BY AGE RACE AND SEX

1980 PROJECTED POPULATION	WHITE			NON-WHITE		
	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE
0-4	22874	11721	11153	7037	3557	3980
5-9	22010	11274	10736	5973	3018	2955
10-14	12961	11845	11116	5696	2784	2912
15-19	28980	14819	14161	6690	3379	3311
20-24	25986	12657	13329	5834	2877	2957
25-29	19704	9341	10363	4736	2191	2545
30-34	17616	7723	9893	4374	1850	2524
35-39	19701	9424	10277	4121	1828	2293
40-44	17366	8062	9304	3946	1747	2199
45-49	19519	9336	10183	3684	1775	1989
50-54	24420	11560	12860	3073	1509	1564
55-59	16237	12216	14021	1569	1209	1360
60-64	23559	11112	12447	1784	801	983
65+	46351	18327	27024	3798	1473	2325
Total	336284	159417	176867	63315	29998	33317

Tot. : All Races & Both Sexes 399,599

* Excluding Elizabeth
Projections based on Lawrence Berkeley Laboratories
Estimates using Labor Market Information Guidelines
of U.S. Dept. of Labor and Base Data of the Division
of Planning & Research, N. J. D.O.L.I.

Table I-6 ... This table used projections from the original 1970 Census base and subsequent updates to break out population by race, sex and age. The age and sex breakdowns are most useful. The race breakdown is severely inadequate due both to undercounting and to failure to distinguish groups within the "non-white" category.

Exhibit 3 - C

POVERTY ESTIMATES BY MUNICIPALITY - 1970 - 1977

	POPULATION		% BELOW POVERTY	
MUNICIPALITY	1970	1977	1970	No. of Poor
Elizabeth	112,654	103,591	11.6	12,017
Union	53,077	49,475	4.4	2,199
Plainfield	46,861	43,652	10.1	4,409
Linden	41,409	39,678	5.7	2,262
Westfield	33,720	32,434	3.5	1,135
Rahway	29,114	27,844	5.2	1,448
Cranford	27,391	25,924	2.7	700
Summit	23,620	22,266	2.6	462
Sctch.Plains	22,279	21,683	.9	195
Roselle	22,585	21,604	5.3	12
Hillside	21,636	20,837	1.5	313
Clark	18,829	17,763	2.6	462
Springfield	15,740	14,838	2.5	371
Roselle Pk.	14,277	13,352	2.8	374
New Providence	13,796	13,300	.9	120
Berk. Hgts.	13,078	13,142	.6	79
Kenilworth	9,165	8,648	2.6	225
Fanwood	8,920	8,415	.2	17
Mtnside.	13,796	13,300	.3	40
Garwood	5,260	4,887	3.8	191
Winfield	2,184	1,973	5.9	116
	543,116	512,952	32,702	27,147

Source: 1970 Census and office of Demographics & Economic Analysis
Div. of Planning & Research - N. J. D. O. L. I.

TABLE IV - 4 Another set of indicators of poverty by municipality is the set of estimates shown here, which apply 1970 Census poverty rates to updated 1977 population figures. The results reflect the lower poverty rates prevailing in 1970, but can be considered the bottom line for calculating the number of persons in poverty in each municipality. The population growth since 1977 has not been significant enough to alter these estimates by more than 2%.

Exhibit 3 - D

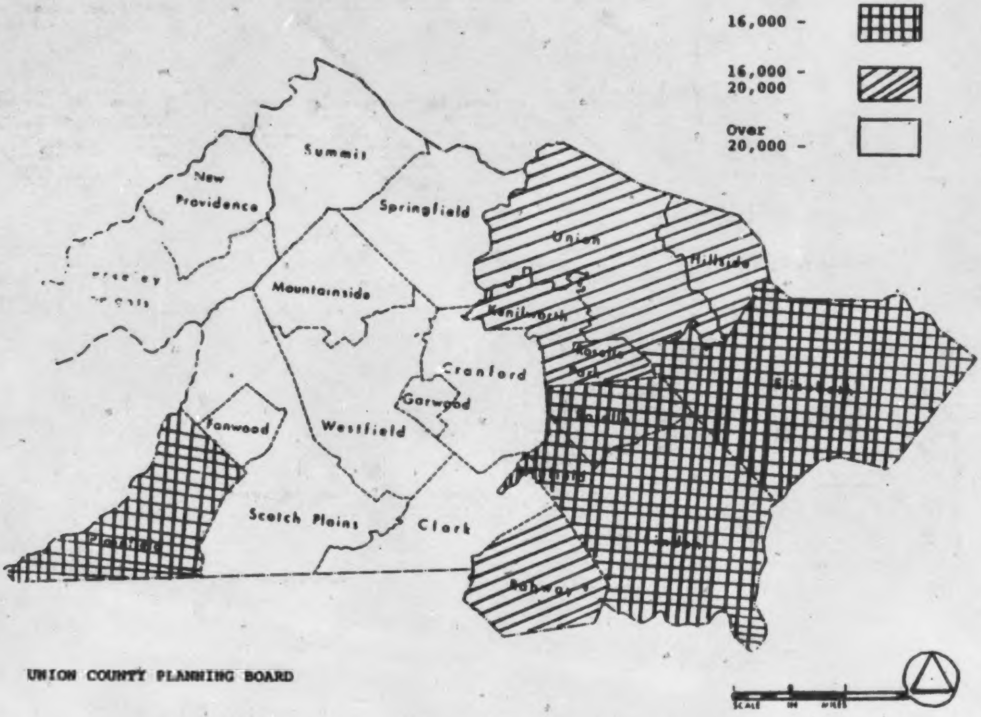
PER CAPITA INCOME 1969 - 1975

	1969	1974	1975
Berkeley Heights, Twp	4,768	7,338	7,932
Clark, Township	4,079	6,164	6,439
Cranford, Borough	4,243	6,285	6,631
Elizabeth, City	3,467	4,828	5,028
Fanwood, Borough	4,497	6,650	7,041
Garwood, Borough	3,415	5,038	5,339
Hillside, Township	4,051	5,621	5,788
Kenilworth, Borough	3,655	5,351	5,488
Linden, City	3,619	5,306	5,524
Mountainside, Borough	6,022	8,789	9,284
New Providence, Borough	4,705	6,986	7,621
Plainfield, City	3,663	4,941	5,256
Rahway, City	3,681	5,392	5,647
Roselle, Borough	3,623	5,216	5,450
Roselle Park, Borough	4,015	5,794	6,022
Scotch Plains, Twp.	4,727	7,144	7,528
Springfield, Twp.	5,443	7,773	8,114
Summit, City	6,808	9,541	10,129
Union, Township	4,187	6,092	6,432
Westfield, Town	5,657	7,950	8,511
Winfield, Township	3,422	4,930	5,093
TOTAL	4,190	6,026	6,345

Source: Annual Planning Information Report - N.J. D.O.L.I
Division of Planning & Research - May 1979

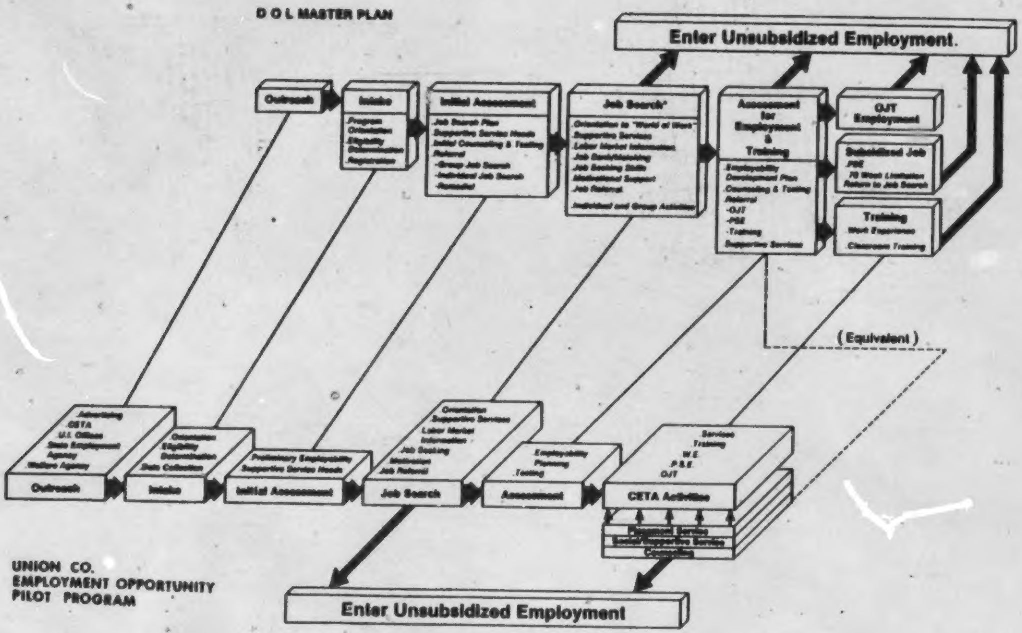
TABLE IV - 2 These per capita income estimates are done at the state level. They show the rise in income levels from 1969-75 and the relative income status of the different county municipalities. However, they are not adjusted for inflation, which rose by 47% in this same period. Per capita income is derived by dividing the total personal income for an area. It indicates the income that should be available on the average to each person in the county. It does not indicate the real distribution of income among households or different population groups.

MEDIAN FAMILY INCOME - 1974 - BY MUNICIPALITY


16,000 -
16,000 - 20,000
Over 20,000 -
Summit
New Providence
Springfield
Union
Hillside
Berkeley Heights
Mountainside
Kenilworth
Roselle Park
Cranford
Garwood
Westfield
Fanwood
Scotch Plains
Clark
Plainfield
Rahway
SCALE IN MILES

UNION COUNTY PLANNING BOARD

Exhibit 4 - A


D O L MASTER PLAN
Enter Unsubsidized Employment.
Outreach
Intake
.Program Orientation
.Eligibility Determination
.Registration
Initial Assessment
.Job Search Plan
.Supportive Service Needs
.Initial Counseling & Testing
Referral
-Group Job Search
-Individual Job Search
-Remedial
Job Search*
.Orientation to "World of Work"
.Supportive Services
.Labor Market Information
.Job Development/Matching
.Job Seeking Skills
.Motivational Support
.Job Referral
.Individual and Group Activities
Assessment for Employment & Training
.Employability Development Plan
.Counseling & Testing
Referral
-OJT
-PSE
-Training
Supportive Services
OJT Employment
Subsidized Job
.PSE
.78 Week Limitation
Return to Job Search
Training
.Work Experience
.Classroom Training
(Equivalent)
.Advertising
.CETA
.U.I. Offices
.State Employment Agency
.Welfare Agency
Outreach
.Orientation
.Eligibility Determination
.Data Collection
Intake
.Preliminary Employability
.Supportive Service Needs
Initial Assessment
.Orientation
.Supportive Services
.Labor Market Information
.Job Seeking
.Motivation
.Job Referral
Job Search
.Employability Planning
.Testing
Assessment
.Services
.Training
.W.E.
.P.S.E.
.OJT
CETA Activities
Placement Service
Social/Supportive Service
Counseling
Enter Unsubsidized Employment
UNION CO.
EMPLOYMENT OPPORTUNITY
PILOT PROGRAM

KEOP COMPONENT SUMMARY

Exhibit 4 - B

	OUTREACH	INTAKE	INITIAL ASSESSMENT	JOB SEARCH	ASSESSMENT	PLACEMENT SERVICES [illegible]	CETA ACTIVITIES
Description	-Access WIN Files -Contact & Arrange Promotional presentations to C.B.O.'s -Traditional P.R.	Interview each applicant to complete KEP enrollment documentation and determine eligibility.	After Intake, eligible applicants will be tested for employability skills and interviewed to determine social service needs (preliminary EDP)	Orientation to "World of Work" Supportive Services Labor Market Information Job Bank/Matching Job Seeking Skills Motivational Support Job Referral Preliminary Assessment for EDP	Administer a variety of tests. A "Team" will develop the EDP.	-Job Dev., -Referral, -Labor Mkt. Anal. -OJT Contract Dev. Child Care Life Skills Health Care, Family Planning Legal Aid, Transportation - Caseload Management -Liason Between Part. and CETA -Participants Evaluation	Participant Enrolled in: -Classroom Training or Vocational Training Courses -On-The-Job Training Programs -Public Service Employment Positions -Services
Staff Responsible; Title, (Agency)	Community Service Workers (E.S.)	Interviewers (E.S.) Social Worker (D.Y.F.S.)	*Interviewers (E.S.* *Vocational Counselors (E.S.)*	Vocational Counselors & Interviewers (E.S.) Senior Employment Counselor (E.S.)		Job Developers Placement Counselors, Soc. Ser. Counselors, Life Skills Instructors Job Coaches	Under Subcontract to Various Training Institutes Private Firms, Govt. Agencies
Number	1 per Job Search Location	3 Interviewers (E.S) 1 Social Worker (D.Y.F.S.)	*3 Interviewers* *4 Vocational Counselors*	4 Vocational Counselors 3 Interviewers	*4 Vocational Coun.* *3 Interviewers*		N/A
Cost (17 Months)	3 million					7 million	
Duration		1 Hr./Participant	1 Hour	6 weeks including Assessment	Approx. two weeks	Varies	Varies
Time Frame	Continuous	Ongoing	Less than 2 weeks (After Intake)	Ongoing		Ongoing	Ongoing
Location	*At six Job Search Sites*	*At six Job Search Sites*	*At six* Job Search Sites some referral to CETA assessment units	*At six* Job Search Sites	*At six Job Search Sites*	Administered at 3 CETA Opt. Sites, Eliz. CETA, UC CETA, Western Office, UC CETA Eastern Office	Administered at 3 CETA Operational Sites; Elizabeth CETA, UC CETA Western Office, UC CETA Eastern Office

— * REPORT PERIOD: 6/79 through 2/29/80

Exhibit 5 - A

CUMULATIVE EOPP/JOB SEARCH ENROLLMENTS AND TERMINATIONS

SITE:	CUMULATIVE NUMBER IN JOB SEARCH	TERMINATIONS UNSUBSIDIZED EMPLOYMENT	OTHER TERMINATIONS	TRANSFER TO CETA TITLES
Site:1 125 Hersch Tower Elizabeth, NJ START: 6/79	161	70	21	1
Site:2 Skills Center 10 Butler Street Elizabeth, NJ START: 10/79	109	36	31	-
Site:3 2410 Springfield Ave. Union, NJ START: 1/80	11	1	1	
Site:4 315 E. Front St. Plainfield, NJ START: 1/80	82	22	-	1
Site:5 315 E. Front St. Plainfield, NJ START: 1/80	58	5	-	-
Site:6 635 St. George Ave Roselle, NJ START: 1/80	32	3	1	-
TOTAL	453	137	54	2 Total Term: 193

Exhibit 5 - B

UNION COUNTY, NEW JERSEY
(PRIME SPONSOR)

PARTICIPANT TRACKING

AS OF: (DATE)		INTAKE ENROLLMENTS			TERMINATIONS			ACTIVE PARTICIPANTS				
		AFDC	NON-AFDC	TOTAL	TO AN UNSUBSIDIZED JOB	OTHER	TOTAL	REMEDIAL	JOB SEARCH	WORK AND TRAINING	HOLDING	TOTAL
SEPTEMBER	7TH											
	14TH											
	21ST											
	28TH	76	0	76	15	8	23	0	51	0	2	53
	TOTAL			76			23		+2* 53			55*
OCTOBER	5TH	11	0	11	2	0	2	0	62	0	2	64
	12TH	14	0	14	7	1	8	0	68	0	2	70
	2 Reac. 19TH	13	0	13	10	1	11	0	72	0	1	73
	4 Reac. 26TH	15	0	15	12	3	15	0	74	0	3	77
	6 Reac. TOTAL			55	31	5	36					77*
NOVEMBER	2 Reac. 2ND	17	0	17	7	5	12	0	76	0	3	79
	3 Reac. 9TH	3	0	3	5	3	8	0	70	0	4	74
	1 Reac. 16TH	10	0	10	1	0	1	0	77	0	3	80
	2 Reac. 23RD	5	0	5	2	0	2	0	80	0	3	83
	1 Reac. 30TH	14	0	14	3	1	4	0	89	0	5	94
	9 Reac TOTAL			49	18	9	27					94*
DECEMBER	2 Reac. 7TH	3	0	3	4	4	8	0	87	0	7	94
	14TH	40	0	40	2	0	2		121	0	7	128
	21ST	23	0	23	1	3	4		121	0	14	135
	28TH											
	TOTAL			66	7	7	14					135*

*Total includes re-activated enrollees.

Exhibit 5 - B

UNION COUNTY, NEW JERSEY

(PRIME SPONSOR)

PARTICIPANT TRACKING

AS OF: (DATE) 1980			INTAKE ENROLLMENTS			TERMINATIONS			ACTIVE PARTICIPANTS				
			AFDC	NON-AFDC	TOTAL	TO AN UNSUBSIDIZED JOB	OTHER	TOTAL	REMEDIAL	JOB SEARCH	WORK AND TRAINING	HOLDING	TOTAL
JANUARY		4TH	34	0	34	11	2	13	0	119	0	11	130
	3 Reac.	11TH	25	0	25	5	6	11	0	144	0	17	161
	1 Reac.	18TH	27	0	27	2	0	2	0	152	0	17	169
	1 Reac.	25TH	37	0	37	10	4	14	0	171	0	18	189
		TOTAL	123		123	28	12	40					
FEBRUARY		1ST	10	0	10	5	5	10	0	177	0	20	197
		8TH	11	0	11	7	3	10	0	179	0	28	207
	1 Reac.	15TH	40	0	40	21	1	22	0	175	0	29	204
	1 Reac.	22ND	22	3	25	5	6	11	0	186	0	42	218
		29TH	(Included in March 7, 1980)										
		TOTAL	83	3	86	38	15	53					
MARCH		7TH											
		14TH											
		21ST											
		28TH											
		TOTAL											
APRIL		4TH											
		11TH											
		18TH											
		25TH											
		TOTAL											

Exhibit 6

JANUARY 1980 AFDC STATISTICS BY TOWN AND TOTAL GRANT

MUNICIPALITY	TOTAL CASES	TOTAL ADULTS	TOTAL CHILDREN	TOTAL GRANTS
BERKELEY HEIGHTS	10	10	25	2,886
CLARK	20	17	38	5,594
CRANFORD	53	48	109	14,985
ELIZABETH	3,332	3,198	7,279	992,327
FANWOOD	19	14	34	4,931
GARWOOD	25	27	47	7,348
HILLSIDE	238	199	446	64,405
KENILWORTH	34	29	62	10,150
LINDEN	445	409	901	125,192
MOUNTAINSIDE	7	6	9	1,693
MURRAY HILL/NEW PROVIDENCE	7	6	16	1,581
PLAINFIELD	1,758	1,617	3,686	493,313
RAHWAY	282	264	596	81,071
ROSELLE	293	277	610	83,581
ROSELLE PARK	51	51	108	13,443
SCOTCH PLAINS	73	61	140	19,967
SPRINGFIELD	5	4	11	1,414
SUMMIT	57	49	106	14,023

JANUARY 1980 AFDC STATISTICS BY TOWN AND TOTAL GRANT (con't.)

MUNICIPALITY	TOTAL CASES	TOTAL ADULTS	TOTAL CHILDREN	TOTAL GRANTS
UNION	168	137	298	44,312
WESTFIELD	80	72	136	21,312
WINFIELD	16	14	33	4,099
TOTAL	6,990	6,525	14,721	2,011,825

Exhibit 7

SUMMARY OF AFDC POPULATION SERVED BY UNION COUNTY CETA OCTOBER 1, 1978 TO DECEMBER 31, 1979

Welfare Program AFDC

From October 1, 1978 To December 31, 1979

	Different Individuals	Participant Weeks	Payments to Participants	Total terminations	Entering Employment	Other Positive Termination	Non-Positive Terminations
Title II-B D.P.	8						
Work Experience	36	692	$ 70,893	17	3	0	14
Classroom Training	185	5291	$114,362	100	27	15	58
On-the-Job Training	44	931	$120,054	22	16	1	5
Services (only)	34	558	$ 3,350	31	1	6	24
Subtotal	308	7472	$308,680	170	47	22	101
Title II-D							
PSE	33	962	$162,894	4	4	0	0
Title VI							
Sustaining	25	1333	$207,870	4	3	0	1
Projects	87	3250	$415,378	35	6	3	26
Subtotal	112	4583	$623,248	39	9	3	27
Total	453	13,017	$1,094,802	213	60	25	128

Senator NELSON. Thank you very much, Mr. Lockhart. We appreciate your taking the time to come to testify today.

The hearings will resume tomorrow morning at 9:30 in room 6226.

[Whereupon, at 11:25 a.m., the subcommittee adjourned to reconvene at 9:30 a.m., March 13, 1980.]

YOUTH EMPLOYMENT AND WELFARE REFORM JOBS, 1980

THURSDAY, MARCH 13, 1980

U.S. SENATE, SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR, COMMITTEE ON LABOR AND HUMAN RESOURCES,

Washington, D.C.

The Subcommittee met, pursuant to notice, in room 6226, Dirksen Senate Office Building, at 9:45 a.m., Senator Gaylord Nelson [chairman of the subcommittee] presiding.

Present: Senator Nelson, Schweiker, and Javits.

Senator NELSON. The Senate Subcommittee on Employment, Poverty, and Migratory Labor will begin its fourth day of hearings on legislative proposals concerning youth employment initiatives and the administration's welfare reform proposal.

The subcommittee will receive testimony today from several witnesses representing the private sector, community-based organizations, and educators. We are pleased to welcome you here today.

At this time, I will ask the first panel of witnesses to testify: Mr. Frank Schiff, vice president and chief economist, the Committee for Economic Development; William Kolberg, president, National Alliance of Businessmen; and Lloyd Hand, senior vice president of TRW, Inc.

We are very pleased to have you here this morning. If you would identify yourselves for the reporter so that the record will be kept accurate, starting over on my left here.

STATEMENT OF FRANK W. SCHIFF, VICE PRESIDENT AND CHIEF ECONOMIST, COMMITTEE FOR ECONOMIC DEVELOPMENT; WILLIAM KOLBERG, PRESIDENT, NATIONAL ALLIANCE OF BUSINESS; AND LLOYD HAND, SENIOR VICE PRESIDENT, TRW, INC.

Mr. KOLBERG. William Kolberg, National Alliance of Businessmen.

Mr. HAND. I am Lloyd Hand, senior vice president of TRW.

Mr. SCHIFF. I am Frank Schiff, vice president and chief economist for the Committee for Economic Development.

Senator NELSON. Your statements will all be printed in full in the record. You may present them how ever you desire. Who is to go first?

Mr. SCHIFF. Thank you, Mr. Chairman. I appreciate the opportunity to appear here today to testify on the proposals for new youth employment legislation now being considered by your committee.

My comments draw to a major extent on the conclusions of the policy statement "Jobs for the Hard-to-Employ: New Directions for a Public-Private Partnership" that CED issued in January 1978 after several years of intensive study.

It is very encouraging that the basic approaches CED recommended in that statement are also central features of the administration's new youth employment initiative program and of other major legislative proposals before your committee.

A key question facing your committee today is the relative priority that such proposals ought to be given in the overall legislative program. In this connection, I want to place special emphasis on a major premise that underlay CED's recommendations: namely, that efforts to provide structurally unemployed youth with the skill training and other assistance needed to move them into productive private jobs are a form of investment in human capital that needs to be a key part of any effective long-run anti-inflation strategy.

As stated last month by Mr. Franklin Lindsay, Chairman of CED's Research and Policy Committee, before the Joint Economic Committee:

> We strongly believe that such efforts are not merely desirable to aid the less fortunate in our society but are vitally needed to make our economy more productive and to alleviate potential future inflationary problems arising from skill shortages and labor supply bottlenecks.

In time, moreover, the proposed programs should also lead to cutting budget costs—by helping to move young peole from welfare and unemployment rolls to tax-generating private jobs, and also by inducing much greater private sector involvement in the overall effort to increase the job readiness and productivity of these youth.

I have stressed these points to underscore my belief that national investment in improved approaches for dealing with the urgent problem of structural youth unemployment deserves high priority, even in the face of today's special needs for budgetary stringency. At the same time, there should be very careful scrutiny of the administration's proposals to determine, first, whether the desired objectives could be adequately pursued with less than the full amount of the funds requested and, second, to what extent the needed additional budget resources for this purpose might be financed by savings elsewhere in the budget.

Regardless of the precise amount of funding that may be provided, it seems to me highly desirable to move expeditiously toward the adoption of many of the new approaches contained in the legislative proposals before you. By the same token, new programs, and especially those involving the schools, would not be justified unless they involve genuine changes in approach.

The approaches in the proposed new legislation that seem to be particularly worthwhile include the following:

First, an increased emphasis on basic education and employability development of disadvantaged youth, with special targeting on the functional and geographic areas of greatest need; that is, remedial education and job counselling for high school students; programs for high school dropouts; and an emphasis on inner city areas with especially high youth unemployment.

This approach should help concentrate Federal tax dollars in areas where they are likely to be most productive and needed in the long run.

Second, a heightened stress on making exposure to the world of work an integral part of school experience.

This should not only foster a more successful transition of high school students to productive private jobs, but in many cases it is also likely to be the key element in motivating students to remain in school and acquire basic educational skills.

Third, more systematic efforts to attack youth unemployment through effective public-private partnerships at the local level. This should involve much more active and sustained collaboration between schools, business, labor unions, community-based organizations, and CETA than has typically been the case in most communities so far.

In this respect, the administration's proposals do not seem to me to go far enough. I would prefer some requirements, not just incentive payments, for cooperative planning of local youth education and employment programs that should involve not only the schools and CETA but also private business and other main elements of the private sector.

A further problem with the proposed legislation is that it would lead to the creation of too many different kinds of coordinating councils. Some way needs to be found to coordinate the coordinators. Perhaps this can be done through some overall council on the problems of economically disadvantaged youth, with subcommittees to deal with more specific problems.

Local private industry councils should have an important role in such collaborative arrangements. However, there should be room for some flexibility and diversity in the way in which the council's involvement in these arrangements is worked out in particular communities, partly to avoid overburdening these new institutions with tasks they may not yet be ready or eager to undertake.

Fourth, establishment of clear performance standards for program participants as well as service deliverers, coupled with appropriate rewards for those who meet the standards. For young people, the rewards would consist of access to successive training and other programs to enhance their employability and, in as many cases as possible, of employer commitments to provide a job if specified criteria are met.

This kind of incentive arrangement is characteristic of the more successful existing youth training programs that lead to nonsubsidized private jobs, such as those sponsored by the OIC.

Fifth, greater emphasis on careful tailoring of remedial programs to the particular needs of the youths involved, coupled with continuing attention to the special problems of these young people throughout the period when some assistance is required.

This, too, has been a characteristic of the most successful existing programs. It means making sure that the young person does not simply get lost in a maze of uncoordinated programs and bureaucracies and that counseling and some other supportive services may have to remain available even for some time after he or she starts on a regular job. In this connection, I find it encouraging that both the administration's bill and S. 2218 provide that an individual employability development plan be worked out for each youth and that the youths be furnished a continuing "achievement record" relating to their participation in training and work experience programs that could be helpful to them when they apply for a regular job.

Sixth, consolidation of title IV, and establishment of uniform eligibility standards. This would greatly help reduce unnecessary redtape and program complexity.

I would, however, like to make two further suggestions. The present eligibility requirements based on family income often impinge unfairly on youth who come from families with incomes slightly above the limit but who, nevertheless, face severe labor market barriers.

I would suggest raising the existing exemptions for such youths from 10 percent to 20 percent of title IV funds as has also been proposed by the National Commission for Employment Policy and by Senator Javits. In addition, the 20 percent exemption from the strict family income requirement should also apply to youths served under title VII.

Mr. Chairman, the basic approaches I have cited are highly constructive. I very much hope that significant and early progress can be made in incorporating them in the overall effort to cope with the Nation's youth employment problems.

Of course, many other steps are also required. Among these are better coordination of local economic development efforts with youth training programs; better identification and forecasting of skill requirements and job opportunities; and steps to encourage greater use of the Targeted Jobs Tax Credit, particularly by cutting through unnecessary bureaucratic delays.

Let me conclude with a strong endorsement of the reauthorization of the private sector initiative program under title VII of CETA. This program deserves continuing strong support by the Congress. Many of the new private industry councils now being established in communities throughout the country are becoming catalysts for really constructive and innovative public-private partnerships. Of course, it will take time before the performance of the councils can be fully assessed, and continuous monitoring is needed to assure that they provide for really active and meaningful business involvement.

As I noted earlier, private industry councils should have an important role in developing effective community partnerships to deal with the youth unemployment problem, though their precise role could differ from city to city, depending upon the particular institutions that exist in those cities. Certainly in all of them there ought to be a very strong input by the business community.

In the long run, I am convinced that the kind of institution building that leads to successful public-private partnerships provide the best hope that viable solutions can be worked out which will enable our disadvantaged youth to become fully productive members of our society.

Thank you, Mr. Chairman.

[Statements submitted by Mr. Schiff follows:]

For Release on Delivery
March 13, 1980

STATEMENT

of

FRANK W. SCHIFF

Vice President and Chief Economist
Committee for Economic Development

on

Youth Employment

before the

Subcommittee on Employment, Poverty, and Migratory Labor
Committee on Labor and Human Resources

United States Senate

March 13, 1980

Mr. Chairman and Members of the Subcommittee:

My name is Frank W. Schiff. I am Vice President and Chief Economist of the Committee for Economic Development (CED). I appreciate the opportunity to appear here today to testify on the proposals for new youth employment legislation now being considered by your Committee.

My comments draw to a major extent on the conclusions of the policy statement "Jobs for the Hard-to-Employ: New Directions for a Public-Private Partnership" that CED issued in January 1978 after several years of intensive study. That statement called for a greatly increased emphasis on improving the basic education, labor market skills, and general employability of disadvantaged youths; for fostering an improved transition from school to work that makes learning and working mutually reinforcing; for creating a new kind of partnership between the public and private sector to enable as many of our disadvantaged youth as possible to move into productive, non-subsidized jobs in the private sector; for targeting governmentally-assisted training and employment programs more clearly on those most in need; and for measures to render the administration of such programs more effective and equitable.

It is very encouraging that the basic approaches CED has advocated are also central features of the Administration's new youth employment initiative program and of other major legislative proposals before your Committee.

In assessing the relative priority that such proposals ought to be given in the overall legislative program, I want to place special emphasis on a major premise that underlay CED's recommendations: namely, that efforts to provide structurally unemployed youth with the skill training and other assistance needed to move them into productive private jobs are a form of investment in human capital that needs to be a key part of any effective long-run anti-inflation strategy. As stated last month by Mr. Franklin Lindsay, Chairman of CED's Research and Policy Committee, before the Joint Economic Committee: "We strongly believe that such efforts are not merely desirable to aid the less fortunate in our society but are vitally needed to make our economy more productive and to alleviate potential future inflationary problems arising from skill shortages and labor supply bottlenecks."

The proposed programs, moreover, should in time lead to significant reductions in net federal budget costs -- by helping to reduce the dependency of many young people on welfare and other income support payments and by inducing much greater private sector involvement in the overall effort to increase the job readiness and productivity of these youths.

I have stressed these points to underscore my belief that national investment in improved approaches for dealing with the urgent problem of structural youth unemployment deserves high priority, even in the face of today's special needs for budgetary stringency. At the same time, there should be very careful scrutiny of the Administration's proposals to determine whether the desired objectives could be adequately pursued with less than the full amount of the funds requested and to what extent the needed additional budget resources for this purpose might be financed by savings elsewhere in the budget.

Regardless of the precise amount of funding that may be provided, it seems to me highly desirable to move expeditiously toward the adoption of many of the new approaches contained in the legislative proposals pending before you. By the same token, new programs -- notably those involving the schools -- would not be justified unless they involve genuine changes in approach.

The proposals before you build constructively on the main findings of most of the major studies of youth unemployment during the past few years. They recognize that disadvantaged youth can face many kinds of barriers in the labor market. Among these are an inadequate basic education; a general inability to cope with the world of work; lack of specific skills and job information; inaccessibility or absence of suitable jobs for minority youths in inner cities; and discrimination. For many youngsters, the most serious problem may be the feeling that the system is not giving them a chance. There are also barriers to the hiring of inexperienced disadvantaged youths that can face employers. The extra expenses involved in training and counselling these youths may make it too costly for them to put such youths on their regular payroll.

The approaches in the proposed new legislation that seem particularly worthwhile as a means of dealing with these problems include the following:

__First__, the increased emphasis on basic education and employability development of disadvantaged youth, with special targeting on the functional and geographic areas of greatest need. Such targeting is to involve a greater focus on remedial education and job counselling for high school students; on programs for high school dropouts; and on inner city areas with especially high youth unemployment. It should help concentrate federal tax dollars in areas where they are likely to be most productive in the long run.

Second, a heightened stress on making exposure to the world of work an integral part of school experience. There is considerable evidence that this approach is not only a major factor in fostering a successful transition of high school students to productive private employment but can in many cases also be the key element in motivating students to remain in school and acquire basic educational skills.

Third, more systematic efforts to attack youth unemployment through effective public-private partnerships at the local level, involving much more active and sustained collaboration between schools, business, labor unions, community-based organizations, and CETA than is typically the case in most communities today. In this area, the Administration's proposals do not seem to me to go far enough. I would prefer some requirements (rather than only incentive payments) for cooperative planning of local youth education and employment programs, involving not only the schools and CETA but also the main elements of the private sector.

A further problem with the proposed legislation is that it would lead to the creation of too many different kinds of coordinating councils. Some way needs to be found to coordinate the coordinators, perhaps through some overall council on the problems of economically disadvantaged youth, with subcommittees to deal with more specific problems.

Local Private Industry Councils should have an important role in such collaborative arrangements. However, there should be room for some flexibility and diversity in the way in which the Council's involvement in these arrangements is worked out in particular communities, partly to avoid overburdening these new institutions with tasks they may not yet be ready or eager to undertake.

Fourth, establishment of clear performance standards for program participants as well as service deliverers, coupled with appropriate rewards for those who meet the standards. For youths, the rewards would consist of access to successive training and other programs to enhance their employability and -- in as many cases as possible -- of employer commitments to provide a job if specified criteria are met. Experience has shown that this kind of incentive arrangement is characteristic of the more successful youth training programs that lead to non-subsidized private jobs, such as those sponsored by the Opportunities Industrialization Centers.

Fifth, greater emphasis on careful tailoring of remedial programs to the particular needs of the youths involved, coupled with continuing attention to the youth's special problems throughout the period when some assistance is required. This, too, has been a characteristic of the most successful existing programs. It means making sure that the youth does not simply get lost in a maze of uncoordinated programs and bureaucracies and that counselling and some other supportive services may have to remain available even for some time after he or she starts on a regular job. In this connection, I find it encouraging that both the Administration's bill and S.2218 provide that an individual employability development plan be worked out for each youth and that the youths be furnished a continuing "achievement record" relating to their participation in training and work experience programs that could be helpful to them when they apply for a regular job.

Sixth, consolidation of the three main youth programs under the present Title IV and establishment of uniform eligibility standards for these programs. This would greatly help reduce unnecessary red tape and program complexity. I would, however, like to make two further suggestions. The present eligibility requirements based on family income often impinge unfairly on youth who come from families with incomes slightly above the limit but who nevertheless face severe labor market barriers. While the current law provides that up to 10 percent of prime sponsor funds under Title IV can be used to assist such youth, it would seem desirable to raise this percentage to 20 percent, as has recently been proposed by the National Commission for Employment Policy and by Senator Javits. In addition, the 20 percent exemption from the strict family income requirement should also apply to youths served under Title VII.

Mr. Chairman, the basic approaches I have cited are highly constructive. I very much hope that significant and early progress can be made in incorporating them in the overall effort to cope with the nation's youth employment problems.

Of course, numerous other steps are required to provide disadvantaged youth with a real chance to secure productive employment. Among these are better coordination of local economic development efforts with youth training programs; improved identification of skill requirements and job opportunities; and steps to encourage greater use of the Targeted Jobs Tax Credit, particularly by cutting through unnecessary bureaucratic delays.

Let me conclude with a strong endorsement of the reauthorization of the Private Sector Initiative Program under Title VII of CETA. This program deserves continuing strong support by the Congress. Many of the new Private Industry Councils now being established in communities throughout the country are becoming catalysts for really constructive and innovative public-private partnerships. It will, however, take time before the performance of the Councils can be fully assessed, and continuous monitoring is needed to assure that they provide for really active and meaningful business involvement.

As I noted earlier, Private Industry Councils should have an important role in developing effective community partnerships to deal with the youth unemployment problem,though their precise role could differ from city to city. In the long run, I am convinced that such public-private partnerships provide the best hope that viable solutions can be worked out which will enable our disadvantaged youth to become fully productive members of our society.

Senator NELSON. I will wait until the end of the presentations to ask questions.

Who is the next witness?

Mr. KOLBERG. I am.

Senator NELSON. Bill.

Mr. KOLBERG. Mr. Chairman, it is good to be back before this committee to testify before you.

I am William Kolberg, president of the National Alliance of Business.

The alliance was created in 1968 and is an organization of more than 4,000 volunteer businessmen and women who work in partnership with government to encourage and assist private employers to hire, train and retain economically disadvantaged adults and youth.

During this 12-year period, more than 130,000 NAB participating companies have provided employment to millions of disadvantaged individuals. The alliance is now chaired by John Filer, chairman of the board and CEO of Aetna Life and Casualty Co.

The alliance and NAB participating employers are well aware of the unemployment problems faced by millions of unemployed, disadvantaged youth. Youth unemployment is double that of the general population; minority youth unemployment is as high as 40 to 50 percent of the 16- to 19-year-old population group in many of the Nation's industrial cities; and many of this group are high school dropouts who are not job-ready.

Two years ago the Congress added a new title IV to CETA and provided about $2 billion in additional Federal resources to expand proven youth employment and training programs such as the Job Corps and to experiment with a broad spectrum of new and different approaches and institutions concerned with the youth unemployment.

This large new infusion of funds has spawned hundreds of new programs and institutions which are still largely, in my judgment, in the testing stage. Definitive evaluation is yet to come on this major and unprecedented effort to build our knowledge base on the remedies for youth unemployment.

Building on the preliminary experience and knowledge resulting from these new title IV programs, and the findings and recommendations of the wide-ranging work of the Vice President's Task Force on Youth Employment, I believe there are certain basic concepts which should guide the Congress in its future actions in this field.

First, it is clear that too many of our youth either dropout or graduate from public schools without either the basic skills or the understanding of the world of work which is necessary to make them job-ready.

With an average turnover rate of 20 percent or more, all employers are constantly engaged in imparting to new employees the specific skills required for the specific job.

However, these specific job-related skills are built on a base of good work discipline, motivation, and basic reading and computational skills. Unless young people have these basic requirements, employers are often reluctant to hire them because they require the extra time and, therefore, the extra expense of providing remedial programs.

As a nation, we must realize that this failure of our institutions to prepare young people early in life for productive work dooms them to a life of frustration and failure and burdens the society with too many individuals who are dependent, unproductive, and even hostile and antisocial.

Second, the institutions that serve the Nation's youth must recognize that the youth unemployment problem can only be solved when all local institutions—education, business, labor, local government, and community organizations are ready to develop and maintain ongoing working linkages. While the blame for absence of basic skills and the resultant youth unemployment is often laid at the doorstep of the school system, the solution will take more than an enlightened school system. It requires the active cooperation of all local institutions concerned with the economic and social vitality of the community in finding new ways to help needy youth become job-ready. Through the private industry councils, authorized under title VII of CETA, we are trying to develop a new set of strong local private business-led institutions that can effectively develop and maintain these crucial linkages with the public institutions.

Third, decentralized program development and flexible funding is essential to solving this problem. Local communities and their institutions need the freedom to design and operate new and innovative approaches with minimal Federal strings or regulations. Through decentralization, we are convinced that better conceived and operated programs will result at the local level and will enhance the employability of needy youth. Tight Federal direction in the early experimental phase of youth programing may be necessary, but it is important to now let go and decentralize as quickly as possible. That time has clearly come in title IV.

Fourth, in addition to working to strengthen our public schools and holding them accountable for performance, we should continue to experiment with nontraditional approaches to educating and training needy youth. This could involve the establishment of alternative schools, alternative training programs, or alternative relationships with private employers. Where the evidence so indicates, local decisionmakers should be free to seek new institutional mechanisms to help resolve the persisent problems.

Fifth, it is essential for both institutions and individuals that there be specific performance criteria and program benchmarks. Individuals that succeed should be rewarded with a record of accomplishments that can be built upon and is transferable. Incentives should be real and specific and motivation and accomplishment must be more precisely tracked and rewarded.

Sixth and finally, we should again examine the cost to private employers of hiring young people who lack the necessary skills and experience to become immediately employable.

Senator NELSON. You said we should examine it? We do not know now?

Mr. KOLBERG. I think what I am going to say here, Mr. Chairman, is there is a whole range of factors here, starting with the minimum wage, the social security system, unemployment insurance, pensions, health insurance, worker's compensation insurance, and the other mandated fringe benefits that all add up to forcing employers toward hiring only those individuals who are quickly productive. This often rules out the young person.

European governments, on the other hand, have taken steps to, at least temporarily, lessen these costs to hiring youths and their youth unemployment rates are thus significantly lower than the U.S. rate.

The Congress has already partially met this problem by enacting a targeted job tax credit covering disadvantaged young people. This $2,000 to $3,000 tax credit covers the marginal costs of hiring youths who lack necessary basic skills and work experience.

Senator **Nelson**. Mr. Kolberg, are you familiar specifically with what the European governments do to lessen the costs of hiring youth?

Mr. **Kolberg**. I can talk about it in general, Mr. Chairman. There is a lot of specific information available. I will be happy to furnish it for the record. France, for instance, has postponed for 6 months the cost of social security in order to hire young people.

Senator **Nelson**. When they are first hired they are not covered for 6 months?

Mr. **Kolberg**. The employer is allowed to forego that. They are covered by social security, but the employer is allowed to forego his payment into the social security system. That is my understanding. So there are a variety of ways of doing it. Subminimum wages; differential minimums in a number of countries, and you know the history in our country of that particular subject. Many countries have temporarily foregone collecting unemployment insurance, and a variety of other social programs.

What I am suggesting, Mr. Chairman, is that we ought take another look at this whole area. It is not just the $3.10 minimum wage, when you add on to it the fringes that employers must pay. It probably almost doubles that $3.10 in order to get a young person on. And I am convinced that that causes many employers to shy away and go toward the more productive, more experienced people.

I would now like to address, Mr. Chairman, the specific legislative proposals before the committee. Let me first say that I share your concern over whether now is the time to authorize another $2 billion program, even for so crucial a problem as youth unemployment.

We must, it seems to me, as a first priority, get inflation under control and demonstrate that Federal spending will be curbed. However, within the $11 billion a year already being devoted to CETA programs, I am confident that sufficient redirection and reprograming of resources can take place so that this crucial work on youth unemployment can be continued.

With respect specifically to title IV OF CETA, we urge the Congress to reauthorize the title for another 2 years and in so doing provide the Secretary of Labor with sufficient authority so that he can gradually carry out much of the needed decategorization and decentralization of programs.

With respect to appropriations, we urge the Congress to provide an open-ended authorization so that as funds become available elsewhere in CETA, they can be applied to this highest priority area. I would reiterate, Mr. Chairman, that additional funds for title IV should come from lower priority programs in the CETA system and not from new appropriations.

Let me turn to the proposed new program proposed by the administration to be operated by the Department of Education and the public school system.

On the one hand, we have some doubts that the local educational institutions will, in fact, alter their practices in providing disadvantaged students with basic skills without outside pressures. At the same time, it is clear that this problem can only be dealt with by basic institutional change within the public schools. Other efforts are only supplemental and palliative. Our society will continue to look to the public schools to equip most of our young people with basic skills and work preparation.

Schools themselves must be prepared to reallocate their existing resources so they can provide disadvantaged youth with greater opportunities to acquire basic reading, writing, and arithmetic skills. Equally important, educators and school systems must be held accountable for assuring that students will attain basic skill levels before entering the job market.

To reach these goals, our school systems must look outward to the local community, to business, to local government, to organized labor, and to community organizations, all of which share common goals regarding the job readiness of youth.

Local educators should seek out leaders from their local institutions and begin the long process of developing joint plans. They must explore the possibility of collaborating on the operation of employment and training programs for needy youth in the hope that dropout rates can be reduced and larger numbers of disadvantaged youth will be able to qualify for the better jobs.

We believe it is important to begin the planning process between the schools and the other important local institutions, even though we are against additional program appropriations at this time.

We would recommend that the Congress direct the Secretary of Labor and the Secretary of Education to set up a joint staff and to jointly set in motion a planning process involving the 3,000 school districts with the highest poverty levels. Such a planning process can be carried out within CETA resources available to the Secretary of Labor. This planning process will require at least 18 months. Many of the good plans resulting from the process could be covered under existing resources, and it would give the Congress time to reexamine additional resource needs at a more propitious time.

I believe it is important to again try to bring the public schools and general purpose government more closely together at all levels. The schools need outside pressure and help to change. And general purpose government, particularly the CETA system, must be drawn into reforming the school system rather than setting up competing systems. It is for this reason that I believe a system of joint planning and management for this new effort could pay big dividends.

The joint management of the work incentive program by the Departments of Labor and Health and Human Resources is a precedent for this proposal. It is my impression that this joint administration has brought about very desirable institutional changes both within the welfare system and the employment service system.

Finally, Mr. Chairman, the administration's youth bill, as does Senator Javits' proposal, S. 2218, contains proposed authorizations to continue title VII of CETA.

We strongly support continuation of title VII to permit the full development of local private industry councils. I realize that today's hearing is not the time to try to brief the committee on progress and status of this program. My only purpose today is to let the committee know that we stand ready to furnish whatever information you desire on title VII.

Thank you for the opportunity to appear today and present our views on the serious problem of youth unemployment.

[The prepared of Mr. Kolberg follows:]

NAB NEWS
National Alliance of Business
1015 15th Street, N.W. • Washington, D.C. 20005 • (202) 457-0040

BUSINESS SUPPORTS NEW YOUTH MEASURES

Contact: Beth Denniston
Acting Director,
Communications

WASHINGTON, D.C., March 13, 1980--A spokesman for the National Alliance of Business today voiced support for new measures to reduce youth unemployment, but no new federal funding.

William H. Kolberg, President of the National Alliance of Business, told a Senate subcommittee that "within the $11 billion a year already being devoted to CETA programs...sufficient redirection and reprogramming of resources can take place so that this crucial work on youth unemployment can be continued at an appropriate pace."

Kolberg said the need to curb inflation made it questionable whether "now is the time to authorize another $2 billion program."

Calling for closer cooperation between public schools and local government, he said: "The schools need outside pressure and help to change; and general purpose government, particularly the CETA system, must be drawn into reforming the school system rather than setting up competing systems."

Focusing on six basic points concerning youth unemployment, the business spokesman said that:

- Too many youth either drop out of or graduate from public schools without either the basic skills or the understanding of the world of work which is necessary for job readiness.

- Youth unemployment problems can only be solved when all local institutions--education, business, labor, local government and community organizations--are ready to develop and maintain ongoing working relationships.
- Decentralized program development and flexible funding is essential to solving the problem.
- Public schools must be strengthened and held accountable for performance, while continuing to experiment with non-traditional approaches to educating and training needy youth.
- Institutions and individuals should have specific performance criteria.
- The cost to private employers of hiring young people who lack necessary skills and experience to become immediately productive should be examined.

Kolberg also called for flexibility in future appropriations, reauthorization of the Private Sector Initiative, Title VII of the Comprehensive Employment and Training Act, and recommended that "Congress direct the Secretary of Labor and the Secretary of Education to set up a joint staff and to jointly set in motion a planning process involving the 3,000 school districts with the highest poverty levels in this country."

The National Alliance of Business is a non-profit business corporation working in partnership with government, labor, education and community groups to reduce the unemployment problems of the economically disadvantaged, youth, ex-offenders and Vietnam veterans.

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TESTIMONY OF
WILLIAM H. KOLBERG, PRESIDENT
NATIONAL ALLIANCE OF BUSINESS

I AM WILLIAM KOLBERG, PRESIDENT OF THE NATIONAL ALLIANCE OF BUSINESS. THE ALLIANCE WAS CREATED IN 1968 AND IS AN ORGANIZATION OF MORE THAN 4,000 VOLUNTEER BUSINESSMEN AND WOMEN WHO WORK IN PARTNERSHIP WITH GOVERNMENT TO ENCOURAGE AND ASSIST PRIVATE EMPLOYERS TO "HIRE, TRAIN AND RETAIN" ECONOMICALLY DISADVANTAGED ADULTS AND YOUTH. DURING THIS TWELVE YEAR PERIOD, MORE THAN 130,000 NAB PARTICIPATING COMPANIES HAVE PROVIDED EMPLOYMENT TO MILLIONS OF DISADVANTAGED INDIVIDUALS. THE ALLIANCE IS NOW CHAIRED BY JOHN FILER, CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER OF AETNA LIFE AND CASUALTY COMPANY.

THE ALLIANCE AND NAB PARTICIPATING EMPLOYERS ARE WELL AWARE OF THE UNEMPLOYMENT PROBLEMS FACED BY MORE THAN 700,000 UNEMPLOYED, DISADVANTAGED YOUTH: YOUTH UNEMPLOYMENT IS DOUBLE THAT OF THE GENERAL POPULATION; MINORITY YOUTH

UNEMPLOYMENT IS AS HIGH AS 40% TO 50% OF THE 16 - 19 YEAR OLD POPULATION GROUP IN MANY OF THE NATION'S INDUSTRIAL CITIES; AND MANY OF THIS GROUP ARE HIGH SCHOOL DROPOUTS WHO ARE NOT "JOB-READY".

TWO YEARS AGO THE CONGRESS ADDED A NEW TITLE IV TO CETA AND PROVIDED ABOUT $2 BILLION IN ADDITIONAL FEDERAL RESOURCES TO EXPAND PROVEN YOUTH EMPLOYMENT AND TRAINING PROGRAMS SUCH AS THE JOB CORPS AND TO EXPERIMENT WITH A BROAD SPECTRUM OF NEW AND DIFFERENT APPROACHES AND INSTITUTIONS CONCERNED WITH THE YOUTH UNEMPLOYMENT PROBLEM. THIS LARGE NEW INFUSION OF FUNDS HAS SPAWNED HUNDREDS OF NEW PROGRAMS AND INSTITUTIONS WHICH ARE STILL LARGELY IN THE TESTING STAGE. DEFINITIVE EVALUATION IS YET TO COME ON THIS MAJOR AND UNPRECEDENTED EFFORT TO BUILD OUR KNOWLEDGE BASE ON THE REMEDIES FOR YOUTH UNEMPLOYMENT.

BUILDING ON THE PRELIMINARY EXPERIENCE AND KNOWLEDGE RESULTING FROM THESE NEW TITLE IV PROGRAMS, AND THE FINDINGS

AND RECOMMENDATIONS OF THE WIDE-RANGING WORK OF THE VICE PRESIDENT'S TASK FORCE ON YOUTH EMPLOYMENT, I BELIEVE THERE ARE CERTAIN BASIC CONCEPTS THAT SHOULD GUIDE THE CONGRESS IN ITS FUTURE ACTIONS IN THIS FIELD.

FIRST, IT IS CLEAR THAT TOO MANY OF OUR YOUTH EITHER DROPOUT OR GRADUATE FROM PUBLIC SCHOOLS WITHOUT EITHER THE BASIC SKILLS OR THE UNDERSTANDING OF THE WORLD OF WORK WHICH IS NECESSARY TO MAKE THEM JOB-READY. WITH AN AVERAGE TURNOVER RATE OF 20% OR MORE, ALL EMPLOYERS ARE CONSTANTLY ENGAGED IN IMPARTING TO NEW EMPLOYEES THE SPECIFIC SKILLS REQUIRED FOR THE SPECIFIC JOB. HOWEVER, THESE SPECIFIC JOB-RELATED SKILLS ARE BUILT ON A BASE OF GOOD WORK DISCIPLINE, MOTIVATION, AND BASIC READING AND COMPUTATIONAL SKILLS. UNLESS YOUNG PEOPLE HAVE THESE BASIC REQUIREMENTS, EMPLOYERS ARE OFTEN RELUCTANT TO HIRE THEM BECAUSE THEY REQUIRE THE EXTRA TIME AND EXPENSE OF PROVIDING "REMEDIAL" PROGRAMS. AS A NATION WE MUST REALIZE THAT THIS FAILURE OF OUR INSTITUTIONS TO PREPARE YOUNG PEOPLE EARLY IN LIFE FOR PRODUCTIVE WORK DOOMS THEM TO A LIFE OF FRUSTRATION

AND FAILURE AND BURDENS THE SOCIETY WITH TOO MANY INDIVIDUALS WHO ARE DEPENDENT, UNPRODUCTIVE, AND EVEN HOSTILE AND ANTISOCIAL.

SECOND, THE INSTITUTIONS THAT SERVE THE NATION'S YOUTH MUST RECOGNIZE THAT THE YOUTH UNEMPLOYMENT PROBLEM CAN ONLY BE SOLVED WHEN ALL LOCAL INSTITUTIONS -- EDUCATION, BUSINESS, LABOR, LOCAL GOVERNMENT AND COMMUNITY ORGANIZATIONS -- ARE READY TO DEVELOP AND MAINTAIN ONGOING WORKING LINKAGES. WHILE THE BLAME FOR ABSENCE OF BASIC SKILLS AND THE RESULTANT YOUTH UNEMPLOYMENT IS OFTEN LAID AT THE DOORSTEP OF THE SCHOOL SYSTEM, THE SOLUTION WILL TAKE MORE THAN AN ENLIGHTENED SCHOOL SYSTEM. IT REQUIRES THE ACTIVE COOPERATION OF ALL LOCAL INSTITUTIONS CONCERNED WITH THE ECONOMIC AND SOCIAL VITALITY OF THE COMMUNITY IN FINDING NEW WAYS TO HELP NEEDY YOUTH BECOME JOB-READY. THROUGH THE PRIVATE INDUSTRY COUNCILS, AUTHORIZED UNDER TITLE VII OF CETA, WE ARE TRYING TO DEVELOP A NEW SET OF STRONG LOCAL PRIVATE BUSINESS-LED INSTITUTIONS THAT CAN EFFECTIVELY DEVELOP AND MAINTAIN THESE CRUCIAL LINKAGES WITH PUBLIC INSTITUTIONS.

THIRD, DECENTRALIZED PROGRAM DEVELOPMENT AND FLEXIBLE FUNDING IS ESSENTIAL TO SOLVING THIS PROBLEM. LOCAL COMMUNITIES AND THEIR INSTITUTIONS NEED THE FREEDOM TO DESIGN AND OPERATE NEW AND INNOVATIVE APPROACHES WITH MINIMAL FEDERAL STRINGS OR REGULATIONS. THROUGH DECENTRALIZATION WE ARE CONVINCED THAT BETTER CONCEIVED AND OPERATED PROGRAMS WILL RESULT AT THE LOCAL LEVEL AND WILL ENHANCE THE EMPLOYABILITY OF NEEDY YOUTH. TIGHT FEDERAL DIRECTION IN THE EARLY EXPERIMENTAL PHASE OF YOUTH PROGRAMMING MAY BE NECESSARY, BUT IT IS IMPORTANT TO LET GO AND DECENTRALIZE AS QUICKLY AS POSSIBLE. THAT TIME HAS COME IN TITLE IV.

FOURTH, IN ADDITION TO WORKING TO STRENGTHEN OUR PUBLIC SCHOOLS AND HOLDING THEM ACCOUNTABLE FOR PERFORMANCE, WE SHOULD CONTINUE TO EXPERIMENT WITH NON-TRADITIONAL APPROACHES TO EDUCATING AND TRAINING NEEDY YOUTH. THIS COULD INVOLVE THE ESTABLISHMENT OF ALTERNATIVE SCHOOLS, ALTERNATIVE TRAINING PROGRAMS, OR ALTERNATIVE RELATIONSHIP WITH EMPLOYERS. WHERE THE EVIDENCE SO INDICATES, LOCAL DECISION MAKERS SHOULD

BE FREE TO SEEK NEW INSTITUTIONAL MECHANISMS TO HELP RESOLVE THE PERSISTENT PROBLEMS AFFECTING THE EMPLOYMENT OF NEEDY YOUTH.

FIFTH, IT IS ESSENTIAL FOR BOTH INSTITUTIONS AND INDIVIDUALS THAT THERE BE SPECIFIC PERFORMANCE CRITERIA AND PROGRAM BENCHMARKS. INDIVIDUALS THAT SUCCEED SHOULD BE REWARDED WITH A RECORD OF ACCOMPLISHMENTS THAT CAN BE BUILT UPON AND IS TRANSFERABLE. INCENTIVES SHOULD BE REAL AND SPECIFIC AND MOTIVATION AND ACCOMPLISHMENT MUST BE MORE PRECISELY TRACKED AND REWARDED.

SIXTH AND FINALLY, WE SHOULD AGAIN EXAMINE THE COST TO PRIVATE EMPLOYERS OF HIRING YOUNG PEOPLE WHO LACK THE NECESSARY SKILLS AND EXPERIENCE TO BECOME IMMEDIATELY PRODUCTIVE. THE MINIMUM WAGE, COUPLED WITH SOCIAL SECURITY, UNEMPLOYMENT INSURANCE, PENSIONS, HEALTH INSURANCE, WORKER'S COMPENSATION INSURANCE, AND THE OTHER MANDATED FRINGE BENEFITS FORCE EMPLOYERS TOWARD HIRING ONLY THOSE INDIVIDUALS WHO ARE QUICKLY PRODUCTIVE. THIS OFTEN RULES OUT THE YOUNG PERSON.

EUROPEAN GOVERNMENTS, ON THE OTHER HAND, HAVE TAKEN STEPS TO, AT LEAST TEMPORARILY, LESSEN THESE COSTS TO HIRING YOUTHS AND THEIR YOUTH UNEMPLOYMENT RATES ARE THUS SIGNIFICANTLY LOWER THAN THE U. S. RATE.

THE CONGRESS HAS ALREADY PARTIALLY MET THIS PROBLEM BY ENACTING A TARGETED JOBS TAX CREDIT COVERING DISADVANTAGED YOUNG PEOPLE. THIS $2,000 TO $3,000 TAX CREDIT COVERS THE MARGINAL COSTS OF HIRING YOUTHS WHO LACK NECESSARY BASIC SKILLS AND WORK EXPERIENCE.

WE SHOULD EXAMINE WAYS TO FURTHER LESSEN THE VERY REAL ECONOMIC COST BARRIERS TO EMPLOYERS HIRING YOUTH.

I WOULD NOW LIKE TO ADDRESS THE SPECIFIC LEGISLATIVE PROPOSALS BEFORE THE COMMITTEE. LET ME FIRST SAY, MR. CHAIRMAN, THAT I SHARE YOUR CONCERN OVER WHETHER NOW IS THE TIME TO AUTHORIZE ANOTHER $2 BILLION PROGRAM, EVEN FOR SO CRUCIAL A PROBLEM AS YOUTH UNEMPLOYMENT. WE MUST, AS A FIRST PRIORITY, GET INFLATION UNDER CONTROL AND DEMONSTRATE THAT FEDERAL SPENDING WILL BE CURBED. HOWEVER, WITHIN THE $11 BILLION A YEAR ALREADY BEING DEVOTED TO CETA PROGRAMS, I AM CONFIDENT THAT SUFFICIENT REDIRECTION AND REPROGRAMMING OF RESOURCES CAN TAKE PLACE SO THAT THIS CRUCIAL WORK ON YOUTH UNEMPLOYMENT CAN BE CONTINUED AT AN APPROPRIATE PACE.

WITH RESPECT SPECIFICALLY TO TITLE IV OF CETA, WE URGE THE CONGRESS TO REAUTHORIZE THE TITLE FOR ANOTHER TWO YEARS AND IN SO DOING PROVIDE THE SECRETARY OF LABOR WITH SUFFICIENT AUTHORITY SO THAT HE CAN GRADUALLY CARRY OUT MUCH OF THE NEEDED DECATEGORIZATION AND DECENTRALIZATION OF PROGRAMS. WITH RESPECT TO APPROPRIATIONS, WE URGE THE CONGRESS TO PROVIDE AN OPEN-ENDED AUTHORIZATION SO THAT AS FUNDS BECOME AVAILABLE ELSEWHERE IN CETA, THEY CAN BE APPLIED TO THIS HIGHEST PRIORITY ACTIVITY. I WOULD REITERATE, MR. CHAIRMAN, THAT ADDITIONAL FUNDS FOR TITLE IV SHOULD COME FROM LOWER PRIORITY PROGRAMS IN THE CETA SYSTEM AND NOT FROM NEW APPROPRIATIONS.

LET ME TURN TO THE PROPOSED NEW PROGRAM PROPOSED BY THE ADMINISTRATION TO BE OPERATED BY THE DEPARTMENT OF EDUCATION AND THE PUBLIC SCHOOL SYSTEM. ON THE ONE HAND, WE HAVE SOME DOUBTS THAT THE LOCAL EDUCATIONAL INSTITUTIONS WILL, IN FACT, ALTER THEIR PRACTICES IN PROVIDING DISADVANTAGED STUDENTS

WITH BASIC SKILLS WITHOUT SOME OUTSIDE PRESSURES. AT THE SAME TIME IT IS CLEAR THAT THIS PROBLEM CAN ONLY BE DEALT WITH BY BASIC INSTITUTIONAL CHANGE WITHIN THE PUBLIC SCHOOLS. OTHER EFFORTS ARE ONLY SUPPLEMENTAL AND PALLIATIVE. OUR SOCIETY WILL CONTINUE TO LOOK TO THE PUBLIC SCHOOLS TO EQUIP MOST OF OUR YOUNG PEOPLE WITH BASIC SKILLS AND WORK PREPARATION.

SCHOOLS THEMSELVES MUST BE PREPARED TO REALLOCATE THEIR EXISITING RESOURCES SO THEY CAN PROVIDE DISADVANTAGED YOUTH WITH GREATER OPPORTUNITIES TO ACQUIRE BASIC READING, WRITING AND ARITHMETIC SKILLS. EQUALLY IMPORTANT, EDUCATORS AND SCHOOL SYSTEMS MUST BE HELD ACCOUNTABLE FOR ASSURING THAT STUDENTS WILL ATTAIN BASIC SKILL LEVELS BEFORE ENTERING THE JOB MARKET.

TO REACH THESE GOALS, OUR SCHOOL SYSTEMS MUST LOOK OUTWARD TO THE LOCAL COMMUNITY -- TO BUSINESS -- LOCAL GOVERNMENT -- ORGANIZED LABOR -- AND COMMUNITY ORGANIZATIONS, ALL OF WHICH SHARE COMMON GOALS REGARDING THE JOB READINESS OF YOUTH.

LOCAL EDUCATORS SHOULD SEEK OUT LEADERS FROM THEIR LOCAL INSTITUTIONS AND BEGIN THE LONG PROCESS OF DEVELOPING JOINT PLANS. THEY MUST EXPLORE THE POSSIBILITY OF COLLABORATING ON THE OPERATION OF EMPLOYMENT AND TRAINING PROGRAMS FOR NEEDY YOUTH IN THE HOPE THAT DROPOUT RATES CAN BE REDUCED AND LARGER NUMBERS OF DISADVANTAGED YOUTH WILL BE ABLE TO QUALIFY FOR THE BETTER JOBS IN THEIR TOWNS AND CITIES.

WE BELIEVE IT IS IMPORTANT TO BEGIN THE PLANNING PROCESS BETWEEN THE SCHOOLS AND THE OTHER IMPORTANT LOCAL INSTITUTIONS, EVEN THOUGH WE ARE AGAINST ADDITIONAL PROGRAM APPROPRIATIONS AT THIS TIME. WE WOULD RECOMMEND THAT THE CONGRESS DIRECT THE SECRETARY OF LABOR AND THE SECRETARY OF EDUCATION TO SET UP A JOINT STAFF AND TO JOINTLY SET IN MOTION A PLANNING PROCESS INVOLVING THE 3,000 SCHOOL DISTRICTS WITH THE HIGHEST POVERTY LEVELS. SUCH A PLANNING PROCESS CAN BE CARRIED OUT WITHIN CETA RESOURCES AVAILABLE TO THE SECRETARY OF LABOR. THIS PLANNING PROCESS WILL REQUIRE AT LEAST 18 MONTHS. MANY OF THE GOOD PLANS RESULTING FROM THE PROCESS COULD BE COVERED UNDER

EXISTING RESOURCES AND IT WOULD GIVE THE CONGRESS TIME TO REEXAMINE ADDITIONAL RESOURCE NEEDS AT A MORE PROPITIOUS TIME.

I BELIEVE IT IS IMPORTANT TO AGAIN TRY TO BRING THE PUBLIC SCHOOLS AND GENERAL PURPOSE GOVERNMENT MORE CLOSELY TOGETHER AT ALL LEVELS. THE SCHOOLS NEED OUTSIDE PRESSURE AND HELP TO CHANGE: AND GENERAL PURPOSE GOVERNMENT, PARTICULARLY THE CETA SYSTEM, MUST BE DRAWN INTO REFORMING THE SCHOOL SYSTEM RATHER THAN SETTING UP COMPETING SYSTEMS. IT IS FOR THIS REASON THAT I BELIEVE A SYSTEM OF JOINT PLANNING AND MANAGEMENT FOR THIS NEW EFFORT COULD PAY BIG DIVIDENDS.

THE JOINT MANAGEMENT OF THE WORK INCENTIVE PROGRAM BY THE DEPARTMENTS OF LABOR AND HEALTH AND HUMAN RESOURCES IS A PRECEDENT FOR THIS PROPOSAL. IT IS MY IMPRESSION THAT THIS JOINT ADMINISTRATION HAS BROUGHT ABOUT VERY DESIRABLE INSTITUTIONAL CHANGES BOTH WITHIN AND BETWEEN THE WELFARE SYSTEM AND THE EMPLOYMENT SERVICE SYSTEM.

FINALLY, MR. CHAIRMAN, THE ADMINISTRATION'S YOUTH BILL CONTAINS PROPOSED AUTHORIZATION TO CONTINUE TITLE VII OF CETA THROUGH FISCAL YEAR 1982. WE STRONGLY SUPPORT

CONTINUATION OF TITLE VII TO PERMIT THE FULL DEVELOPMENT OF LOCAL PRIVATE INDUSTRY COUNCILS. I REALIZE THAT TODAY'S HEARING IS NOT THE TIME TO BRIEF THE COMMITTEE ON PROGRESS AND STATUS OF THIS PROGRAM. MY ONLY PURPOSE TODAY IS TO LET THE COMMITTEE KNOW THAT WE STAND READY TO FURNISH WHATEVER INFORMATION YOU DESIRE ON TITLE VII.

THANK YOU FOR THE OPPORTUNITY TO APPEAR TODAY AND PRESENT OUR VIEWS ON THE PROBLEM OF YOUTH UNEMPLOYMENT.

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Senator **Nelson**. Thank you very much, Mr. Kolberg.

I will take the next witness before I ask a couple of questions I would like to have you all address.

Yes, Mr. Hand.

Mr. **Hand**. My name is Lloyd Hand. I am senior vice president of TRW. I appear today on behalf of the Business Roundtable Task Force on National Planning and Employment Policy, which is chaired by Dr. Ruben Mettler, chairman and chief executive office of TRW.

Mr. Chairman, we appreciate very much the invitation to participate in these hearings. The matter before your committee is a subject of high priority for the American business community.

In good times and bad times alike, structural youth unemployment in the United States costs too much in both human terms and in dollar terms. Because it is, in part, a self-perpetuating problem, compounding year after year the burdensome costs borne by all segments of the society today promise to multiply before the decade ends, unless we can find a means for a successful attack upon the problem and its roots.

We welcome, therefore, this opportunity to join with you and the other members of your committee in your search for solutions.

Although I realize the purpose of these hearings is to review various youth employment measures pending before the Congress now, my remarks are not directed to the specifics of the measures. Rather, as you requested, Mr. Chairman, I shall be speaking to three relevant areas of interest:

The barriers to employment that structurally unemployed youth must overcome.

The role of the private sector in improving the employment opportunities of economically disadvantaged youth; and

The linkages between the Private Industry Councils and the prime sponsor youth employment initiatives.

BARRIERS TO YOUTH EMPLOYMENT

Since its organization, early in the 1970's, the business roundtable has been actively concerned with youth employment, particularly with finding answers to the distressingly high rates of structural youth unemployment, which persists at 40 percent to 50 percent levels among some inner-city minority youths from low-income families.

Out of its studies of the problem, the Roundtable concluded that the reasons for such unemployment are many and complex. These reasons were summarized succinctly in the following policy statement on employment which the Roundtable adopted back in April, 1977.

> Discrimination against black youth continues to be alleged; challenging entry level jobs paying tempting wages are in short supply; criminal activities provide stiff competition to the more mundane, lower paying jobs at the lower steps of the employment ladder; lifestyle of many youths is such that they do not need to hold a steady job, (particularly a low paying or boring one,) as an economic necessity; the job shifting characteristics and lack of experience of this group makes employers reluctant to hire them in higher paying jobs for which they might otherwise be qualified; lack of skill, or even basic reading and writing ability, makes some candidates ineligible for minimum wage positions in the judgment of many employers.

The reasons cited above were more recently reaffirmed in the report of Vice President Mondale's Task Force on Youth Employment.

This rather extensive review and findings reflected in the report was based in part on the experience of small employers, large employers, and representatives from education and human service organizations who participated in a series of education-private sector roundtables in five key cities across the country.

Dr. Mettler and I had the privilege of hosting the roundtable session that was held in Los Angeles. A summary that synthesized those findings found two predominant themes:

First, employers want youths who can read and write.

Second, employers want youths who know how to perform on the job.

This summary reaches to the central realities of the job marketplace.

The first barrier is the lack of basic skills, an inability to read, write, or compute, renders many of the youth unemployable in most private sector occupations, unless given special attention.

The second barrier is higher and more formidable than the first. It is the barrier created by the lack of exposure to and conditioning for the world of the workplace. As a function of their cumulative life experience—at home, in the community and usually in the school—the youth in question are oblivious to the rhythms and requirements of organized work. The necessity of being at the same place, at the same time, for the same number of hours each day is utterly alien to the value systems afforded by their experience.

This second barrier is a severe impediment. Not only does it affect their employability, it also affects their ability to accept and benefit from training. It is this pernicious cycle which requires classification of many youths as structurally unemployed.

From 1962 to 1975, for example, business roundtable studies showed that 60 to 70 percent of teenaged unemployment was accounted for by new entrants and reentrants into the labor force. A cultural barrier—a sort of curtain of incompetence, if you will, separates them from entry into the Nation's world of work.

But let me move beyond this discussion of barriers to the matter of the private sector's role in improving youth employment opportunities.

PRIVATE SECTOR AND YOUTH EMPLOYMENT

As a matter of perspective and proportion, I believe it is important to recognize that the problem of structural youth unemployment is not simply a function of any overall failure by the private sector to create employment opportunities.

Since the mid 1960's, the annual creation of new jobs in the private sector has been running at historically high levels each year.

From 1966 to 1977, for example, an increase of jobs grew from 73 million to 88 million, an increase of 20 percent. Over the last decade, the entry of women and youth into the labor force has accounted for almost two-thirds of the labor force growth. The number of females in the labor force increased by 42 percent and youth by 34 percent.

We are in a period during which the private sector is creating more opportunity for—and making greater use than ever of the talents and skills of—young Americans in the work force. This only makes the plight of structurally unemployed youth more poignant.

The actual number of structurally unemployed youth, particularly minority youth, is small; some estimates suggest that the number is less than 500,000; some less than 400,000. Yet, as a function of the geographic concentration in major metropolitan areas, as a function of the disproportionate incidence among low income minority groups, and as a function of the problem's peculiarly chronic, complex and self-perpetuating character, structural youth unemployment must be considered and addressed as a central social issue of the eighties.

What, then, is the role of the private sector?

The private sector is this society's principal provider of jobs. Eight out of ten productive jobs rest upon private investment.

If answers to youth unemployment are to be found, ultimately they will be found in the private sector.

Job creation, however, can only continue at its recent high rate if we have a healthy, growing economy. In turn, the health, growth and expansion of the economy is dependent upon savings, investment, and capital formation which underlie the formation of all jobs, whether for youth or adults.

I believe the recognition runs broad and deep in our society today that public policies must be devised which stimulate savings, that encourage investment, that foster capital formation and permit our economy to become competitive again in terms of its productivity. So, then, it is only fundamental that the state of our macroeconomics is a precondition to improving the state of the microcosmic economic and social concerns involved in youth unemployment.

Let me go to several other specifics:

First, while TRW, like most large employers, has been actively participating in special programs aimed at reducing structural unemployment, I want to emphasize that any prospect for genuine improvement in the youth unemployment situation must take into account the crucial role of small employers.

Well over half of the business firms in the United States employ fewer than five persons. It is within this sector that some 75 percent of all new jobs are created annually. It is critical to the success of youth employment programs that selective incentives be provided to encourage greater participation by these smaller employers. Current economic and financial pressures that are getting greater every day on small business make this all the more important.

Second, in that same context, every effort should be made to reduce unnecessary documentation, certifications, and other paper work which complicates access of youth to employment and utilization of youths by small employers.

Third, the most efficient and productive use of each revenue dollar warrants exploration of new and innovative concepts and approaches designed to secure greater involvement and participation by the private sector in the education, training and employment of the economically disadvantaged youth.

For example, while the general issue of appropriate minimum wage levels is beyond the scope of my testimony today, I do suggest the advisability of exploring along with other methods the development of programs which permit us to try targeted reductions of minimum wage to impact directly and exclusively upon structurally unemployed youth.

Fourth, if we are to reach the roots of structural youth unemployment, we must look to our Nation's educational system. New objectives must infuse American public education so that the schools serve more effectively as part of the solution to the employment problems with which we are now contending.

The role of the private sector in improving the employment opportunities for youth is large, important, and central to any policies which the Nation may pursue.

This is an area for improved communication, cooperation, and collaboration between the public and private sectors. If progress is to be made, we can only make it together.

That brings me to the third area, Mr. Chairman, that I was asked to discuss.

PRIVATE INDUSTRY COUNCILS AND PRIME SPONSOR EMPLOYMENT INITIATIVES

Over portions of both 1978 and 1979, it was my personal privilege to serve as president of the National Alliance of Business under the chairmanship of Dr. Mettler of TRW. During that period, the Alliance undertook, at the request of the President and Secretary of Labor, a leadership role in the organization around the Nation of more than 400 Private Industry Councils. Thus, I am somewhat familiar with the underlying concept of the local councils and their role in helping create job opportunities for the hard-to-employ.

The Business Roundtable supports the reauthorization of title VII of the Comprehensive Employment and Training Act that is embodied in several of the measures before you.

Youth unemployment is a national problem. Improvements in the existing situation clearly require national leadership and national resources. Still it remains that the local level is where the decisions must be made if answers are to be found and properly pursued.

The entry level jobs cannot be found—in many instances the structurally unemployed themselves cannot be found—except by patient, persistent, and dedicated local efforts. All elements—business, labor, schools, and the local public sector—must be united, motivated, and dedicated to the success of the community response.

Thus far, to the best of my knowledge, this has been the conclusion of every public or private study made of the problem that you are addressing. Yet, as successive new studies lead to the inauguration of new programs, there is a tendency for each such program to propose and undertake the development of its own local, district, or regional structure.

Whatever the good intentions, the layering on of one local structure after another only divides and depletes the human resources available and leads, inevitably, to confusion and cross purposes. On the basis of our own experience, I would strongly urge that new programs, to the extent possible, utilize the existing framework provided at the local level by the Private Industry Council.

Finally, let me express my appreciation to the committee and to you, Mr. Chairman, for your interest in improving our overall national effort on youth employment.

The problem of youth unemployment is complex, difficult, and unyielding. It would be a disservice to speak in terms of curing or eliminating it. Solutions are not likely to come in this decade or the next. Yet, that is all the more reason for making the most effective effort we can to contain the problem, to limit its spread and to begin reducing the burden which it now imposes upon our society, our economy and the lives of the youth affected.

Thank you, Mr. Chairman, for this opportunity to testify this morning.

Senator NELSON. Thank you, Mr. Hand.

Based on your experience in the creation of some 400 Private Industry Councils around the Nation, what is your judgment of their structure and their potential effectiveness, in finding employers, finding the structurally unemployed, and matching them with the job? How much of that role can they play? What additional, if any, supporting services are needed? Where are the areas that you know of that they have worked best?

Mr. HAND. Well, to be responsive to your question, I think the PIC concept itself is sound I think that the composition reflects the institutional structure in most communities. That is why I said in my statement that I thought the councils could play a key role in the implementation of the new proposals, because I think that structure lends itself to it, with minor modifications and variations to suit local circumstances.

I think it's potential for involving the private sector to a greater extent in employment and training of the economically disadvantaged is very high. I think the experience to date is incomplete. It is early, as you know, Mr. Chairman. The appropriations were very late in coming. But, despite that, there are approximately 456 Private Industry Councils out of some 470 prime sponsor areas. They are in various stages of development. As I understand it, only about $9 million has actually been expended, although all of the approximately $400 million has been obligated. But every day the NAB, under Mr. Kolberg's leadership, is accumulating and redistributing employment and training models that are developing, that have worked successfully in different areas throughout the country.

I cannot pick for you a handful of cities in which the PIC is working successfully.

I know, however, that in New York City, for example, they are well underway. I think their problem is lack of funds because they already have expended most of the funds made available.

But I think the concept is sound. I think the theme that ran through the comments of each of us is that you have to have local decisionmakers. You have got to have flexibility. You have got to have the local authority to design the programs that meet the local needs. It must be collaborative. And I think the framework of the PIC provides that.

I think in terms of closer collaboration between the education and labor systems there is going to have to be something that forces those institutions together.

Perhaps the council itself may not be that precise structure ultimately, but some—perhaps some sub-task force of that council. There has to be linkage without a deterring, overlapping and layering of council after council after council.

Senator NELSON. Mr. Kolberg?

Mr. KOLBERG. May I comment on that, please?

Senator NELSON. Yes.

Mr. KOLBERG. First of all, I think Mr. Hand has made an excellent summary statement of what I also believe about Private Industry Councils.

Let me suggest several places. First of all, close to your home, Milwaukee has an excellent start on a Private Industry Council. It ought to be very convenient for you to get there and take a look at that one.

New York City, I would say, also has probably the best developed; Cleveland, Boston, Atlanta, St. Louis—I could go on. I think there are 20 or 30 that have a fine start. And, by visiting, you could see not only structure but program development, strong business voluntary leaderships, strong professionalism among the staff.

I think we have a long way to go and, as Mr. Hand said, we are just really getting started.

I could suggest two areas where I think the Congress might want to consider strengthening or adding authority to Private Industry Councils. I certainly would not change the basic structure.

I believe the potential of the council will be enhanced if the Congress did what I believe Mr. Javits suggested in his bill, add on some authority to work in the area of economic development.

As you know, Mr. Chairman, the Federal Government is now providing something like $5 to $7 billion in economic development funds through UDAG, HUD, through economic development agencies, Commerce, SBA. It seems to us that as these local private agencies develop, they ought to be working with the private sector on job creation, on the economic development side, and linking that up with the employment and training side. That would be one.

No. 2, again, I believe, as Mr. Javits suggests in his bill, the whole area of upgrading seems to be a fruitful area to begin to address in title VII as it is addressed in title II.

Mr. **Schiff**. May I?

Senator **Nelson**. Yes, Mr. Schiff.

Mr. **Schiff**. Mr. Chairman, I would just like to say I very much agree with both of my fellow panelists, including the specific suggestions that Mr. Kolberg mentioned.

I think the Private Industry Councils are a new kind of institution that can really be a catalyst for much more systematic cooperation between the private sector, CETA, and the schools in different communities. And I think it is quite encouraging that there are now quite a number of these councils that are being set up as institutions can move in that direction.

Many of the councils are still quite far from that. I think it is extremely important to make sure that the councils are not just being given a perfunctory advisory role and some money, but that they provide for really meaningful business involvement. You cannot get businessmen interested in staying involved unless that is true. And I think the really successful PIC's and I hope most PIC's will move into that category—are generally the ones that have some operational functions that incorporate; that carry out programs in addition to being involved in planning.

One of the questions that has been raised is whether there should be an absolute rule that the Private Industry Councils should be the main factor in the coordination between schools and the private sector. On this, I agree with the comments made by Mr. Hand. I do not recall his exact words, but I think he felt the PIC's should have as much of a role as possible. They certainly have to be involved in the planning. That ought to be required in some way—some sort of joint planning.

I do not think there ought to be inflexible rules because different communities do have different arrangements, and some of these already work very well. The precise arrangements do not all have to be the same, provided there is close collaboration.

For example, in Boston, a Trilateral Council has been created to coordinate the school programs—particularly as they affect the disadvantaged—and the private sector and the universities, which are very important up there. That council actually has a permanent staff and a director, so it can work on a continuing basis. I think this is a very promising development. It can, for example, really bring private business into vocational education in a more meaningful way, into the development of the new "cluster" vocational schools being developed, and so on.

The Private Industry Council is definitely involved. The superintendent of schools is a member of the Private Industry Council. At the same time, the PIC is represented on the Trilateral Council and provides significant imput into that council's activities. But the PIC is not spending its whole time on problems of school-to-work transition. I think since these councils are new and are developing their own areas of priorities they might in some cases be a little afraid if they were asked to devote all their time—or what could amount to all of their time—to that area.

I think there ought to be some flexibility, but there needs to be some underlying requirement that the PIC's must be involved.

Senator NELSON. Has the targeted tax credit been in effect long enough to make any judgment as to its value one way or the other?

Mr. HAND. Not in my opinion. As of, I think, the end of December, there were about 108,000 jobs that have been certified. I have forgotten now the total sums of money that entails.

Senator NELSON. That many certified under the targeted jobs?

Mr. HAND. That is correct.

Senator NELSON. A hundred and what?

Mr. HAND. 108,000.

Mr. KOLBERG. I think it is running about 10,000 a month, Mr. Chairman.

Senator NELSON. Being added?

Mr. KOLBERG. 10,000 a month are being added,yes. And an average of 100,000 or 120,000 a year certified, among the seven categories.

Senator NELSON. You are talking about only the targeted jobs?

Mr. KOLBERG. That is correct.

Mr. HAND. I think it is a useful incentive. I think it is working to the extent that it is understood. It was very slow being marketed, being made available to the business community. Implicit in your comment as to whether or not it would be effective, I think it will be. I think it is one of many tools that can be used. But there is a tragic lack of communication.

One theme came out very clearly: people recognize the problem. They do not however, know where to go to get answers. This is something that is many times overlooked. We can design these programs, but if they are not communicated to the hundreds of thousands of businesses—small businesses in particular—they are for naught.

Mr. KOLBERG. Mr. Chairman, the regulations for that program were just issued in January, some 15 months after the program was enacted by the Congress. Many businesses are very reluctant to go very far down the line until they know actually, precisely what the IRS is going to rule and how they are going to run a program.

I think that is indicative of how long it really takes to get a new program of this kind on the board and then understood by 6½ million separate private businesses out there.

I think the program has tremendous appeal. I think, personally, it is the general direction we ought to be going to provide direct incentives to private business to participate in these kinds of areas. But I think we have a ways to go in order to even acquaint private business with this opportunity.

Mr. SCHIFF. I agree with that point, Senator. I think the fact the regulations have just been issued at the turn of the year means that it really is too early to judge the effect. From conversations with different people involved with this program, I have gained the definite impression that the great uncertainty about what would be required under the program has been a major deterrent to the use of the credit to date. And I really think that there was an unnecessary delay in promulgating the regulations. One has to be very sure that as the program proceeds in the future, these kinds of delays are avoided; that there is not too much bureaucracy and redtape; and that there is some real concern about getting the information out.

I think the greatest potential for the tax credit program exists when it is developed hand in hand with the Private Industry Councils. Availability of the tax credit can be particularly useful when it is used in conjunction with other kinds of services to the hard-to-employ, such as counseling or special training.

Senator **NELSON**. That targeted credit for the eligible, for whomever is eligible, is 50 percent of the first $6,000 in wages, the first year; 25 percent the second, and phased out at the end of the second year?

Mr. **SCHIFF**. That is correct

It does not fully add up to that, I think, because it depends on the taxes the employer still has to pay otherwise. It may not always come out 50 percent.

Mr. **KOLBERG**. It could be more than $3,000. I think in the most typical case it is likely to be more like $1,800 to $2,000, because that is the tax bracket that most businesses are going to find themselves in. So, as a practical matter, it is going to be much less than the $3,000. In other words, it is not a flat rate. It is based upon the tax bracket that one is in.

Senator **NELSON**. It has been so long since we passed it, I must be confused. My recollection is it was a straight tax credit of 50 percent of whatever the wage is, not to exceed $6,000. So if the employer pays $6,000, he gets a $3,000 credit against taxes—not graduated in any way that I know of. The other half is salary deductible as the cost of doing business.

Mr. **KOLBERG**. That is the difference.

Senator **NELSON**. All right, so if the wage is $6,000 the first year then there is a credit of $3,000. That leaves $3,000 left of the $6,000 that is deductible, and it benefits the employer at 46 percent if he is in the top bracket, and 20 percent or whatever depending on what bracket he is in. Is that what you are talking about, Bill?

Mr. **KOLBERG**. Yes, sir. It gets very complicated, Mr. Chairman. You have to look at each business separately. What I was trying to portray to you is that I have understood that in the most average case it is likely to be something like $2,000 or thereabouts, instead of $3,000. I am not trying to denigrate that.

Senator **NELSON**. I do not know how it could be that. If, in fact, $3,000 is the credit, the only way it could be less than $3,000 is if the person did not have enough profits, enough taxes to be owed to be able to deduct the full $3,000.

Mr. **KOLBERG**. You see, all employee salaries are totally deductible as a cost of doing business, but under the tax credit program, that is not the case. You cannot deduct the $6,000 as a cost of doing business. There is an interaction between the tax credit and the deduction for cost of doing business, and that causes the total of $3,000 to be depleted based upon your individual tax situation.

But, in any case, Mr. Chairman, I think the point that needs to be made is that it is probably something like a one-third——

Senator **Nelson**. All right.

Mr. **Kolberg**. Over the 2-year period it is something like a one-third reimbursement or cut in what you would normally pay for an entry level wage.

Senator **Nelson**. Basically, you are talking about if you are in what used to be the 50 percent bracket, but is now 46 percent; the employer does get a deduction worth 46 percent anyway.

Mr. **Kolberg**. That is correct

Senator **Nelson**. All right. I guess that is all I have.

Thank you very much, gentlemen. I appreciate your taking the time to come and testify.

Our next panel is made up of Rev. Leon Sullivan, Pedro Garza, Maudine Cooper, Ruth Kobell, and Rabbi Lubinsky. Are they all here today?

All of your statements will be printed in the record in full. These hearings have to conclude for another appointment of mine at 11:50, which is short of an hour and 10 minutes.

I would appreciate it if you would summarize your statements and on points of duplication just avoid those, if you can. I am going to have to limit you each to 5 minutes in presentation if I am going to complete this by 11:50.

Who begins?

Would you as witnesses identify yourselves for the reporter, starting on my far right.

STATEMENT OF MAUDINE COOPER, ACTING VICE PRESIDENT FOR WASHINGTON OPERATIONS, NATIONAL URBAN LEAGUE, WASHINGTON, D.C.; REV. LEON SULLIVAN, CHAIRMAN OF THE BOARD, OPPORTUNITIES INDUSTRIALIZATION CENTERS OF AMERICA, PHILADELPHIA, PA.; PEDRO GARZA, EXECUTIVE DIRECTOR, SER—JOBS FOR PROGRESS, DALLAS, TEX.; RUTH KOBELL, LEGISLATIVE ASSISTANT, NATIONAL FARMERS UNION, WASHINGTON, D.C.; AND RABBI MENACHEM LUBINSKY, DIRECTOR, GOVERNMENT AND PUBLIC AFFAIRS, AGUDATH ISRAEL OF AMERICA, NEW YORK, N.Y.

Ms. **Cooper**. I am Maudine Cooper, acting vice president, National Urban League.

Mr. **Garza**. Pedro Garza, executive director, SER.

Rabbi **Lubinsky**. I am Rabbi Menachem Lubinsky, director of government and public affairs for Agudath Israel of America.

Ms. **Kobell**. I am Ruth Kobell, legislative assistant, National Farmers Union.

Senator **Nelson**. All right, who wishes to begin?

Mr. **Garza**. Mr. Chairman and members of the subcommittee: I welcome the opportunity to present testimony before you this morning on the proposed Youth Training and Employment Act and its impact on youth employment, particularly as it relates to Hispanic youth.

As national director of the largest Hispanic community-based employment and training organization in the United States, I come before you to share our views on the unique employment problems facing Hispanic youth and our recommendations for addressing them.

I. HISPANIC YOUTH EMPLOYMENT PROBLEMS

The most devastating problem facing our youth continues to be an economic system that has been neither sensitive nor responsive enough to the employment, training, and educational needs of young Hispanics.

Public policymakers have shown little or no commitment to increase and improve information and awareness of Hispanic youth employment problems. The result has been a minimal resolution of the problem. Moreover, the little data available shows the Hispanic youth population falling far behind the general youth population in many economic and educational indicators.

If these trends are not addressed, the problem confronting our youth will be compounded, thereby widening the gap between Hispanic youth and the general youth population.

1. POPULATION CHARACTERISTICS

In 1978, the U.S. Census Bureau estimated the Hispanic Community, Conservatively at 12 million persons. Of this number, 42 percent were under 18 years of age as compared with 29 percent for the total U.S. population. The median age of 22.1 years for persons of "Spanish origin" was by far the lowest of any group in the United States.

2. LABOR FORCE PARTICIPATION

Over the past decade Hispanic youth significantly increased in labor force participants, but did not surpass that of the total youth population. Diversity in Hispanic youth (16 to 24) labor force participation is demonstrated by the 20 percent differential between Mexican-Americans (72 percent) and Puerto Ricans (under 50 percent) youth.

Nonetheless, increased labor force participation did nothing to improve the employment situation. According to a noted labor economist, Dr. Richard Santos of the University of Texas at Austin, persons between the ages of 16 and 24 years comprise only 26 percent of the total Hispanic labor force, but represent nearly 45 percent of all unemployed Hispanics.

3. UNEMPLOYMENT RATE

Current statistics indicate that the Hispanic youth unemployment rate is *x* percent. In other words, one out of every five Hispanic youth in umemployed, with the figure for Puerto Rican Youth reaching one out of every four without a job. Several factors contribute to the disproportionately high Hispanic youth unemployment rate:

3 (a) EDUCATIONAL ATTAINMENT

More than one out of every three Hispanic youth ages 16 to 24 years is a high school dropout. Consequently, the median years of school completed by Hispanics is 10.4.

Thus, it becomes apparent that Hispanic youth are not receiving the basic educational skills and related work experience necessary to properly enter and succeed in the labor force. Furthermore, this unfortunate situation is perpetuated by a cycle where poor preparation for entering the labor force leads to unemployment. This results in low incomes.

(*a*) Minimal income does not offer individuals or their children equal opportunities for adequate training to upgrade employment or to successfully compete in the labor force.

(*b*) LANGUAGE BARRIER

The fact that a large number of Hispanic youth in the labor force are of limited English-speaking ability further reduces their employability in an English language dominant society. In many cases, it is the employer who will not hire them. In others the youth themselves are discouraged from applying for employment because of their English language deficiency.

(*c*) DISCRIMINATION

We also have to acknowledge the fact that employment discrimination exists in the labor force and that Hispanic youth must overcome two handicaps: the fact that they are young (not accepted in the labor market as adequately trained or experienced) and the fact that they are predominant in a culture other than society's dominant culture.

The employment problems of Hispanic youth are structural and chronic in nature and cannot be solved by short-run solutions. The strategy developed to address the youth unemployment issue must become part of the overall national employment and economic policy if it is to succeed.

II. ECONOMIC POLICY FOR THE EIGHTIES

The availability of employment opportunities in this decade will be profoundly affected by the economic policies that are developed by the U.S. Congress and the President in the next 2 years. It is, therefore, distressing to hear President Carter announce that his administration will adapt so-called anti-inflationary measures that will cut back vital services to our communities and sacrifice millions of productive individuals to the ranks of the unemployed. This economic policy not only demonstrates a total lack of concern for the plight of working people, but it also retracts the promises and commitments of the administration and the Congress.

The Full Employment and Balanced Growth Act of 1978 established as national policy the inherent right to employment at fair rates of compensation to all Americans who are able and willing to utilize such opportunities. This is a basic premise that cannot and must not be compromised if we are to maintain and indeed restore confidence in our economic system. We cannot accept delays in accomplishing the mandates of this act, 3-percent adult unemployment and 4-percent overall unemployment by 1983, nor can we abandon the spirit of the law by allowing ourselves to be brandished by politically expedient measures that will eventually stifle our economy.

The effect of this administration's proposed policy of austerity will most deeply impact Hispanics and other minorities, particularly minority youth. Hispanic youth are the least skilled and least experienced segment of the working force; therefore, they are inevitably the last hired and first fired. These policies of austerity will perpetuate this practice. The short-range consequences, massive layoffs of productive workers, is a cruel fate to bestow upon a labor force. The long-range effects would not only be brutal, but also irreparable. It is difficult, yet realistic, to conceive of a large segment of our youth population who will develop into adulthood without ever having held a job.

This disfranchisement of youth from our Nation's work force will reproduce the social havoc that almost wrecked our Nation in the 1960's, and perpetuate the economic decline that we have experienced since the mid-1970's. I propose to each of you, that we neither desire nor can we afford these consequences.

III. YOUTH EMPLOYMENT POLICY FOR THE EIGHTIES

Our national employment policy must reflect the needs of the Hispanic youth population of this Nation. Because of the diversity of Hispanic groups and the complexity of youth employment problems, it is essential that a variey of strategies be utilized to reduce Hispanic youth unemployment.

The employment strategies that SER supports are those that have been previously advocated by economist Dr. Richard Santos. Foremost, we propose the investment of financial resources in improving the supply of Hispanic workers through increased education, skills training, and job search information. The available demographic data consistently reveals an Hispanic labor force that has a lower educational attainment level than that of the general working population. We know that one out of every three Hispanic youth 16 to 24 years of age in our labor market is a high school dropout.

SER's experience with Hispanic youth has revealed a deficiency in career awareness, career preparation, and skills development on the part of those youths. More needs to be done to bring career awareness and training opportunities to these youths.

These measures will not be sufficient if discrimination against Hispanic workers persists, and there is ample evidence that it remains a serious impediment.

Because of the wide dispersion of Hispanics and the heterogenous nature of this group, SER-Jobs for Progress, the Nation's largest employment and training organization serving the Hispanic youth community proposes:

First, the development of multiple program approaches to address the divergent labor market needs of the various Hispanic youth subgroups.

Second, the implementation of multiyear funding mechanisms for the Comprehensive Youth Employment and Career Development Act.

Third, the deployment of mechanisms to insure the full participation of community-based organizations, neighborhood groups, and other institutions representing the structurally unemployed and unemployable youth of the country in policy, research, and programmatic responsibilities.

Fourth, the implementation of the National Commission on Employment and Unemployment Statistics' recommendation to insure accurate, reliable, and timely data on Hispanic youth.

Fifth, the establishment of a National Hispanic Employment Policy Commission to advise the Secretary of Labor on Hispanic youth research.

Sixth, the development of stronger programmatic linkages between the education community and the employment and training system.

These six propositions will begin to address the employment needs of Hispanic youth.

Now, gentlemen let me turn to the President's youth legislation.

V. RECOMMENDATIONS TO THE PROPOSED YOUTH LEGISLATION

President Carter's Youth Act of 1980 proposes to meet the challenges faced by youth unemployment, given the present economic conditions and youth employment needs. SER recognizes the intent of the act and commends the administration on its action response to this critical issue. We find, however, that the act ignores the needs of Hispanic youth. In its attempt to recognize the need to attack the causal factors of youth unemployment—especially among minority disadvantaged in urban areas—we find that the act has some limitation. Recent studies reveal that race and ethnic discrimination continue to be among the strongest forces against youth as they attempt to enter the world of work. In an era when 90 percent of the employment opportunities in the United States require a high school diploma, and where the school dropout rate for Hispanic youth is up to 40 percent of that population, there is enormous need to address these facts in the bill. At no place in the proposed act is this addressed.

Far too much hope is placed on the public educational system to help minority youth get a decent chance at a career. The proposed legislation would in fact, reward the school systems that have treated minority youth with less fairness and invite them to continue to be left behind. As representatives of Hispanic youth, we are strongly opposed to such emphasis on the local educational agencies as the services deliverers of the act.

We find the need to address specific areas in title I of the act as follows:

The youth population being given priority in the act should include persons of limited English-speaking proficiency.

Skills and competencies for youth employment and training programs should include providing English as a second language training for youth lacking language proficiency for employment.

Prime sponsor basic programs should include an equitable allocation of funds for language proficiency training proportionate to the percentage of eligible youth in the population that would be considered persons with limited English-speaking ability.

Prime sponsors using equal chance supplemental allocations shall include persons with limited English-speaking ability.

Definitive means be provided to insure that the Secretary and prime sponsors will use nationally affiliated community based organizations—such as SER Jobs for Progress, Inc.—to provide training and technical assistance to service providers.

Prime sponsors shall be required to publish summary reports on annual plans and program performance in daily newspapers with large circulation and to hold public hearings on annual plans prior to submission to the Secretary. Summary reports shall begin with a basic statement of purpose of programs, priority of population segments to be served, historical results of prior years' programs—projected services for: (1) age, sex, ethnicity of identifiable subgroups, (2) the measurable unemployment rate and school dropout rates and grades at which dropouts occurred, (3) types of training provided, (4) job placement and job retention rates, (5) incomes earned, (6) statistical design for comparison groups to demonstrate contribution to community, (7) program management performance criteria, and (8) prime sponsor administrative costs.

The following comments are made in reference to title II of the proposed Youth Act of 1980:

First, the use of 1970 data from the census will again negatively impact Hispanic youth due to the 17-percent undercount and the demographic growth of that population during the 1970's. Projections to account for the increase in Hispanic youth population and the most updated data from the census, must be used to adequately serve this segment of the youth population.

Second, the role of community-based organizations is completely absent from the partnership with local educational agencies, employment and training officers, and the private sector. Community-based organizations must be added to the act as full partners.

Third, the proposed bill does not sufficiently stipulate the particular differences and needs of Hispanics for employment and training and back-to-school programs, that are based on bilingual education and culturally relevant curricula. This approach obviously should include the role of parents and of community-based organizations.

In closing, allow me to leave you with these thoughts in mind, as we enter the most important decade of our existence as a multicultural nation. We ask that you join us in enhancing the opportunities for economic growth and prosperity for America's youth.

Thank you.

Senator NELSON. Thank you, Mr. Garza.

Who is the next witness?

Ms. COOPER. Maudine Cooper.

We at the National Urban League have long advocated youth programs. While the majority of youth in this country move smoothly from school to the workplace, we are deeply concerned about the steadily increasing number of poor and disadvantaged black and minority youth who bear what we believe to be a disproportionate share of youth unemployment rate.

Last year—well, not last year—1977, we testified before this committee and the House subcommittee on the introduction of YEDPA, the Youth Employment and Demonstration Act.

In preparing for this hearing, we looked back at that testimony and nothing has changed since the introduction of YEDPA. Granted, it was a demonstration program.

I looked at the language in there, and I would like to insert a paragraph out of the 1977 testimony:

> Public educational institutions, private entrepreneurs, vocational education facilities, labor et cetera, are all suddenly concerned about the plight of black youth. While there is admittedly a need for partnership among these groups, they have traditionally ignored the plight of black economically disadvantaged youth. If unemployment rates among white youth were as high as black youth, it is quite possible that an all out war on youth unemployment would have been declared.

The figures are pretty much the same for 1980, and we still have no war, declaration of war.

Jobless rates among minority youth are usually two to three times higher than that of white youth. For example, while white teenagers had a jobless rate of 14 percent in 1978, the unemployment rate for Hispanic and black teenagers was 21 and 39 percent, respectively.

Today the jobless rates for black youth exceeds 70 percent in some of our urban centers. We know that they are, for the most part poor and concentrated in impoverished neighborhoods in central cities and rural communities. And I was very interested in the last witness' comment about how difficult it is to find and/or locate these young people.

We in the Urban League, and I would suspect in the other community-based organizations know exactly where they are.

We commend this committee for its recognition of the complexities of the problem and the need for a systematized and comprehensive approach. I think the records of both Senators here present exemplify that sensitivity.

In specific terms in addressing the administration's initiatives, we recognize the fact that the argument that there is a lack of skill among these unemployed youth has been a key argument for the problems of high youth unemployment.

We believe, however, that contrary to that belief, persistent high unemployment among minority youth is not primarily due to education and skills deficiencies, as again the previous witness reinforced.

Job opportunities are greater for white youth with lower educational attainment—white high school dropouts, for example, have lower unemployment rates, 16.7 percent, than black young people with some college education, 21.4 percent. It's about the same jobless rate as black college graduates.

That, to me, Senator, would indicate that there is something wrong with the lack of skills argument. It is true that a lack of basic skills leads to unemployability among many disadvantaged youth and this certainly needs to be addressed. But these skills are useless if jobs are not available because of racial discrimination, periodic recessions, and ineffective targeting.

The league is seriously concerned about the administration's weighty and perhaps inappropriate emphasis on the educational system. We are understandably skeptical about a bill that proposes to inject $900 million into a historically unsuccessful network. We agree that the unreadiness of high school graduates and dropouts significantly contributes to unemployability among too many disadvantaged youth, and we recognize the need for and welcome the initiative to increase Federal spending to enhance employability. But we suspect the educational system may be so permeated with functional shortcomings in this area that the mere infusion of additional moneys into the system will be largely ineffective as a means to increase employment among disadvantaged minority youth.

Our public schools have continually failed to equip many youngsters with the requisite communications and comprehensive skills.

We would like to address some specific concerns about the labor section of the administration's bill. In the testimony that has been submitted, I would like to have the entire document submitted for the record, and go on to the new initiatives.

The administration has deemed the new initiatives the most comprehensive youth training and employment effort ever accomplished or envisioned and its proposal to serve more youth is evidenced by DOL's expanded eligibility criteria.

We contend that in order to successfully accomplish the projected goals, the administration must rethink current levels of appropriations so that the program may be fully implemented in fiscal year 1981.

We recognize the fact that in this budget crunch that Congress is facing along with the administration that these programs will probably be the first to face the ax.

We are also concerned about the presence of the current ethnic provisions in the new bill. Again, with the tightening of the budget, we are afraid that the appropriations level for this program and the existing youth initiatives will also be cut, bringing again hope to young people—hope that will be dashed by the absence of appropriate funding levels.

We support efforts to consolidate and streamline the complexities of the YEDPA program; however, we are not certain that the proposed consolidation is a change for the better. The percentage of funds outside the basic grant formula is too large. This results in a $200 million reduction from current funds from the youth employment training program.

If I may conclude, we have some very specific concerns again about the educational system and the availability of alternative school systems. We are pleased that DOL has included some necessary components in the educational cooperative incentive plan.

Section 423 should go further to specifically mandate CBO and alternative school input at the planning and approval levels. As you may know, the National Urban League did at one time operate several alternative schools. Those schools were models and have since been turned over to the existing school systems, and are still being carried out.

I want to do something that is not often done on the Senate side, and that is give a little plug for a bill that is on the House side.

When we began to analyze all of these bills, we looked very carefully at not only Senator Javits' bill but Congressman Hawkins' bill as well.

H.R. 4425 amends CETA for the purpose of providing work and training opportunities and to assist families to become economically self-sufficient. We applaud that initiative and the retention of the youth entitlement incentives. We also applaud the expansion of the eligibility within that legislation to ages 16 to 24.

We did, however, have some problems with that and they are laid out in the prepared testimony.

In looking at Senator Javits' bill, that is S. 2218, which amends CETA with a new combination of work experience, skill, training, and personalized youth employability plans, we like that idea and we applaud it and hope that it would be in the final bill, whatever emerges from this committee

However, the allocation formula is based on adult data rather than youth unemployment patterns. Senator, we would like to see that changed. Consequently, the funds will not properly focus on minority youth joblessness unless that occurs.

We support a comprehensive youth employment program which utilizes in all stages of operations from planning to support services, community-based organizations with a proven capability for reaching and serving minority youth.

We will recommend a number of very specific changes for the various bills that are now pending, and hopefully we will be asked to work with this committee to help prepare some language that does reflect the concerns of, we believe, minority youth and the economically disadvantaged.

Senator NELSON. Thank you very much.

[The prepared statement of Ms. Cooper follows:]

Testimony of

MAUDINE R. COOPER
ACTING VICE PRESIDENT
NATIONAL URBAN LEAGUE, INC.

before the
Senate Committee on Labor and Human Resources

on
THE YOUTH EMPLOYMENT AND TRAINING INITIATIVES

Dirksen Senate Office Building
Room 6226

Thursday, March 13, 1980
9:30 A.M.

Mr. Chairman and members of the Committee, I am Maudine R. Cooper, Acting Vice President for Washington Operations of the National Urban League, Inc. The National Urban League is a non-profit community service organization dedicated to securing equal opportunities for the poor and minorities in all sectors of our society. Through our networks of 116 affiliates in more than 35 states nationwide, we provide social services to disadvantaged individuals in this nation's cities. It is because of this commitment to Blacks and the underprivileged that we welcome this opportunity to testify before your committee on the youth employment and training legislation.

We at the National Urban League have, for a long time, advocated a comprehensive youth employment and training program and we are pleased that youth unemployment is now recognized as a national problem. While the majority of youth in this country move smoothly from the school to the workplace, we are deeply concerned about the steadily increasing number of poor, disadvantaged, black and minority youth who bear a disproportionate share of the youth unemployment rate. Jobless rates among minority youth are usually two to three times higher than that of white youth. For example, while white teenagers had a jobless rate of 14 per cent in 1978, the unemployment rates for Hispanic and black teenagers were 21 per cent and 39 per cent, respectively.* We know that these youth are, for the most part, poor and concentrated in impoverished neighborhoods in central cities and rural communities.

We commend this Committee for its recognition of the complexities of the problem and the need for a systematized and comprehensive approach. The Urban League welcomes the opportunity to continue its commitment to the youth unemployment problem by sharing its ideas on the present youth employment legislation with you today.

First of all, the Administration's Initiatives are rooted in the primary assumption that high unemployment rates among youth are caused by a lack of skills. Contrary to popular belief, the persistent high unemployment among minority youth is not primarily due to educational and skill deficiencies, since job opportunities are greater for white youth with lower educational attainment. White high school dropouts have lower unemployment rates (16.7%) as black college graduates.* It is true that a lack of basic skills leads to unemployability among many disadvantaged youth and this certainly needs to be addressed. But these skills are useless if jobs are not available because of racial discrimination, periodic recessions and ineffective targeting.

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* Dr. Robert Hill, Director of Research, National Urban League, Inc., Discrimination and Minority Youth Unemployment, Prepared for the Vice President's Task Force on Youth Employment, 1979

Consequently, the National Urban League is seriously concerned about the Administration's weighty and perhaps inappropriate emphasis on the educational system. We are understandably skeptical about a bill that proposes to inject $900 million into an historically unsuccessful network. We agree that the unreadiness of high school graduates and dropouts significantly contributes to unemployability among too many disadvantaged youth and we recognize the need for and welcome the initiative to increase federal spending to enhance youth employability through new, innovative programs aimed at the youth whom the present educational system has failed. But we suspect the educational system may be so permeated with functional shortcomings in this area that the mere infusion of additional monies into the system will be largely ineffective as a means to increase employment among disadvantaged minority youth.

Our public schools have continuously failed to equip many young graduates with the requisite communication and comprehension skills. They have failed to motivate many youngsters to finish school. And they have regularly been unsuccessful at inducing young dropouts to return to the classroom. If we are to sanction a major influx of funds into public schools, we must be assured that initiative's structure is altered so that it is properly focused to young children at the elementary school level, and effectively administered, with the utilization of Community Based Organizations and alternative schools at all levels of operation to ensure that the system will be corrected where it has failed.

Now, Mr. Chairman, we would like to address some specific concerns about the Labor Section of the Administration's bill. The Administration's Title I Youth Employment and Training Program provides, in addition to present programs, $100 million in FY 81 outlays targeted toward disadvantaged out-of-school youths. This amount represent only a 9.8% increase over current youth outlays. Yet the DOL bill provides for a larger eligible population.

Youth services are targeted not only to youths whose family income does not exceed 85% of the lower living standard income level, but also to categorically eligible handicapped youth, offenders, single parents, pregnant youths, and, in some cases, 14 and 15 year-olds. We applaud the inclusion of these otherwise disadvantaged youths. The problem is underfunding.

The Administration has deemed the new initiatives "the most comprehensive youth training and employment effort ever accomplished or envisioned" and its proposal to serve more youth is evidenced by DOL's expanded eligibility criteria. We contend that in order to successfully accomplish the projected goals, the Administration must rethink current levels of appropriation so that the programs may be fully implemented in FY 81. Given that YEDPA, an experimental youth employment project, has yet to be evaluated, the League believes that the justification for any new initiative should be backed by adequate funding. Otherwise, more youths will have to be served by less intense programs for shorter durations.

We are also concerned about the absence of the current maintenance of effort provisions in the new bill. This provision requires prime sponsors not to reduce youth services under other titles. The elimination could conceivably lead to a reduction in CETA youth services rather than an increase. While we should expect a certain measure of success from the new initiatives we should be assured that other titles will not suffer because of it.

We also urge that until the new legislation is implemented, current levels of YEDPA services be maintained. Planning appropriations for FY 82 implementation should be kept separate from YEDPA services.

We support efforts to consolidate and streamline the complexities of YEDPA. However, we are not certain that the proposed consolidation is a change for the better. Only 59% of funds are to be distributed to prime sponsors with 3/4 of that amount distributed on YETP formula basis. The percentage of funds outside the basic grant formula is too large, this results in a $[illegible]ion reduction from current funds available under YETP. Because the [illegible]centive Entitlement Program (YIEPP) and the Youth Community Cons[illegible] Programs (YCCP) are to be eliminated, prime sponsors will discove[illegible]ust battle for available incentive funds to avoid severe reductions in local program pools. The League is unsatisfied with the myriad splits and displacements of funds and we are convinced that the complexities here will exacerbate administrative and paperwork problems while failing to provide adequate and assured funding as projected.

We are pleased that DOL has now included some necessary components in the Education Cooperative Incentive Grants. We support equal matching between the prime sponsor and the local education agency. The provision for alternative schools and CBO's is critical, although we would like to have the definition of "local education agencies" broadened to include these groups. Section 423 should go further to specifically mandate CBO and alternative school input at the planning and approval levels. A review by the Youth Opportunity Council is inadequate since the definition of this group fails to name community organizations as a required component.

We are pleased with several aspects of H.R. 4425, Representative Hawkins proffered "Youth Employment Initiatives Act of 1979." The bill amends CETA for the purpose of providing work and training opportunities and to assist families to become economically self sufficient. We applaud the retention of YEIPP, the provision for "such funds as necessary," and the expanded eligibility to ages 16-24. Increasing numbers of young people are passing age 21 without ever having had a job and are ignored in most job training legislation. Jobless rates among teenagers continue to be about four to five times higher than that of adult workers, while unemployment rates among youth 20-24 years old remain about two to three times as high. We avidly support the inclusion of 21-24 year olds among eligible jobs training participants. However, the bill's guaranteed jobs for dropouts component may have the effect of rewarding failing systems and encourage youth to dropout to qualify for jobs.

The problem areas of H.R. 4425 are as follows:

- Poverty area definition is too broad. This may divert or dilute funds in areas of greatest need. Targeting formula is based on data which is admittedly incorrect.
- Personable employment plan is an excellent idea, however, equal emphasis should be placed on developing capability for agencies to respond to the requirements identified by that plan.

S.2021, the Youth Employment Act (Metzenbaum) features multi-year funding and specific reference to CBO in involvement. However, its narrow focus on energy development and conservation will probably dilute its impact.

Senate Bill 2218, the Youth Employability Development Act (Javits) amends CETA with a needed combination of work experience, skill training, and personalized youth employability plans. However, the allocation formula is based on adult data rather than youth unemployment patterns. Consequently, the funds will not properly focus on minority youth joblessness.

Since racial and ethnic discrimination continues to be a major determinant of the persistent joblessness among minority youth, there is a vital need for increased commitment to obtaining equal employment opportunities for all youth regardless of race, ethnic origin or sex. Therefore, we recommend that strong enforcement of equal employment and affirmative action mandates among the eligible participants be given the highest priority in order to more effectively target job programs to minority and disadvantaged youth. We are cognizant of the fact that CETA's present nondiscrimination requirement is applicable to any new youth employment program. We feel, however, that an additional, specifically worded, mandate is necessary to further secure non-discrimination and present sex stereotyping.

The National Urban League supports a comprehensive youth employment program which utilizes, in all stages of operations from planning to support services, community based organizations with a proven capability for reaching and serving minority youth. The role of these organizations should be specifically delineated. We support H.R. 4425's formula of interlocking resources with other CETA authorizations. We advocate the maintenance of the current level of services under YEDPA until new legislation is passed. We will recommend a number of changes concerning Title II of the Administration's Initiative and are willing to work with the subcommittee in efforts to draft a clear and meaningful youth employment initiative that will work with and for our disadvantaged youth. Thank you.

Senator **Nelson**. I see Dr. Leon Sullivan has arrived, who is also part of this panel.

Mr. Sullivan, if you would like to come up.

Senator **Javits**. Mr. Chairman, may I have a word at this point? Just to introduce to the committee Rabbi Menachem Lubinsky, who is the director of government and public affairs for Agudath Israel, which is the largest and by far the most important in the field in terms of career guidance and job training for the orthodox Jewish movement in the United States, which does a superb job in this field. And, also, I would like to introduce the Rev. Leon Sullivan on behalf of myself and Senator Schweiker, whose constituent Rev. Leon Sullivan is, of the Opportunities Industrialization Centers. I would like to compliment him and his organization for the extraordinarily gifted job and coverage which runs cumulatively into the hundreds of thousands. OIC has been the object demonstration for government activities at all levels. I wish also to call attention to a very extraordinary bill dealing with career program, sponsored by Senator Schweiker and Randolph of our committee. That is S. 2286, the inspiration for which, basically, is the Reverend Sullivan and associates. Thank you.

Senator **Nelson**. Thank you, Senator Javits.

As I said earlier, I have another appointment that I have to get to in 50 minutes. So I would appreciate it if everybody would confine their remarks to, I have computed it out, 7 minutes. And if you would just not repeat other arguments or statements that people have made, and summarize your statements and your statements will be printed in full in the record.

I regret that, but I am just up against a schedule and I cannot do any better. There is no way that Dr. Sullivan will get his down to 7 minutes unless I rap on a glass here, which I will do.

You were to be the first witness, Dr. Sullivan, so I will skip to you now. If you would, for purposes of the reporter identify your associates and present your statement and if you have something to say beyond 7 minutes, I am available on the phone or anyplace else to all of you anytime. Go ahead.

Rev. **Sullivan**. Seven minutes combined with my associates?

Senator **Nelson**. Yes.

Rev. **Sullivan**. Because that is important to me because I want you to hear from them.

This is Brother Henderson who is chairman of the OIC of Milwaukee. And this is Mr. Gee who is executive director of OIC.

Senator **Nelson**. We are delighted to have them.

Rev. **Sullivan**. The thing I will do is just generalize what I am going to say and put the statement in the record.

My name is Leon Sullivan. I want to thank the Senators and this committee for this opportunity to testify.

Over the last year, I have made a journey through much of America, traveling into its big cities. And what I have seen has shocked and disturbed me. I have had the opportunity to walk and drive in the black ghettos and the brown barrios and the white urban and rural pockets of poverty. And, for the first time, particularly in our large cities, I am seeing since the days before the great riots, growing clusters of young people on the street corners of our cities. By the hundreds of thousands, they are gathering, idle, frustrated and not knowing what to do with themselves or their time.

And as I roll through the streets and walk through the towns, I saw not only the growing number of unemployed youth, but I saw neighborhood after neighborhood and community after community that looked like bombs had fallen on them. Homes and buildings too great to number, many vacant, many being lived in, in unbelievable disrepair, falling down.

And I come to tell you, this committee, to suggest to this august body that these things are happening in America in an alarming stage. And either this country will really have to declare war on youth unemployment and get that war going soon before youth unemployment declares war on America.

I come to sound an alarm to America; to call the attention of the Nation to the need of doing something about our untrained, idle and restless young people before a chain reaction of violence erupts in our cities once again. They can literally tear many of them apart, even more so than we witnessed during the days of the riots.

I believe we still have perhaps 2 years to do something about it, but I hardly think we have much time beyond that.

For the first time I am seeing teaming groups of gangs being reorganized. This has not happened in the last 10 years. Youngsters who were 3 and 4 and 5 then are now 15 and 16, and they are out of school. They are looting, vandalizing, terrorizing. The problem becomes greater. Increasing numbers of crimes, rapes, robberies, extortions, growing drug. What we are appealing to is for mounting unemployment youth efforts in this country.

We must not fail or social disorder will combine with human despair to turn today's crisis into tomorrow's disaster.

We have heard a great deal of talk about balancing the budget and all of us are interested in balancing the budget. But we must emphasize balancing the lives of people who are saying, many of them, that the Government just does not seem to care about them.

I am convinced that there are persons in this Congress who do want to do something about it and several of the gentlemen are sitting right here. There is no question about Senator Javits' concern about doing something about problems. It has been his life and his history. Nor the chairman of this great committee.

We are hoping that through this testimony that in a general and emphatic way as much and as strongly as we can, we must emphasize the importance of strong legislation with significant resources in them, not cut back resources, but built up resources that will focus and target their resources on these growing problems.

We believe that the Humphrey-Hawkins bill is still more than a spirit and more than a vision. We think that in time its aims and its goals can become a reality. But we believe that now is the time for us not to cut off the initiative to help the unemployed or to cut them down, but to build them up to make them more effective.

I am impressed with the Javits bill, S. 2218; the Kennedy bill, 1129; the Metzenbaum bill 2021. I know all of these bills address in a realistic way the needs of our young people, the school districts hardest hit, and these young people most disadvantaged.

It is particularly my hope that we can add to this impressive arsenal of weapons the Schweiker-Randolph bill, S. 2286, and focus

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on subpart 3 to assure public/private partnership between the school system and community-based organization and the private sector businesses who supply the jobs.

I am especially convinced that a tremendous experiment, called the career intern project program, can be a boom to youth in this country.

The CIP program in cooperation with the National Institute of Education has already proven beyond any doubt that this program that was initiated first in Philadelphia by the OIC, and that now is being demonstrated in four other cities works, and that it becomes a net for young people who are dropping off out of the schools, with no place to go, to the streets and to crime and to despair.

The 4 years demonstration in Philadelphia produced a plan that works, three times better than dealing with young people who were in this kind of situation, inability to relate to public education than the public school system.

The New York Times of Sunday, March 9, carried an in-depth article based on their visit to New York City career intern program, saying it was one of the finest programs that they had ever visited.

Senator Schweiker of your committee has introduced a bill, S. 2286, which combined with his introductory remarks describes the achievements and the value of this model. This program can, if developed broadly in a title, if possible, can become one of the most significant developments to help the flood of the tide of dropoutisms from our school systems. It will also challenge the traditional system to get on its mettle and to fit and redesign its programs to meet the needs of frustrated, confused, and turned-off youth.

These programs, in cooperation with other community-based organizations that have demonstrated their effectiveness, such as the Urban League, Operation SER, Operation Mainstream, recruitment and training programs, community-related and employer-related job training programs can help at this point to be a part of an answer until we are able to get our school system to regird themselves to deal with the problems. Because we will not solve the problem of unemployed youth until, basically, we get to the problem of our school systems.

It is for this purpose, Mr. Chairman, that I come and the formal testimony I have presented to you for the record, but, in essence, this is what I have to say, with the hope that the intern career program will be one that this committee will regard as a major focus in the new legislation that will be considered by the Congress.

And I would like, if you would not mind, I think I have 2 minutes left, for my colleagues from Milwaukee to have a word to say.

Senator NELSON. If you have 2 minutes left, you have forgotten how to count time. [Laughter.]

Before you came, Senator Schweiker, I said I have an appointment that I cannot avoid at 10 minutes to, and I gave everybody 7 minutes. Are you going to be able to be here until noon?

Senator SCHWEIKER. We have the ERISA markup.

Senator NELSON. Well, I cannot finish this if we—I think we had better go to our other witnesses; otherwise, I am going to adjourn

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without all of the witnesses being heard. Our friends from Milwaukee can talk to me anytime, every day of the week. I have got to go out there and go through the OIC program with you again anyway, if you do not mind. Otherwise, I am not going to get this finished.

Senator **Schweiker**. Let me just thank the chairman. He has been a great leader in this youth employment program, and we appreciate these hearings. I thank Jack for pinchhitting for me. I am sorry we had three meetings this morning. That is what the chairman is commenting about. And I want to commend Leon Sullivan for his great work in this field, and I am proud to sponsor his bill, the career intern bill, and I appreciate the opportunity, Mr. Chairman. I know you have time problems, as we all do, and I thank you for that.

Senator **Nelson**. Thank you, Senator Schweiker.

[The prepared statement of Reverend Sullivan and Mr. Henderson, Jr., follows:]

TESTIMONY

SUBMITTED TO

THE SENATE HUMAN RESOURCES COMMITTEE
SUBCOMMITTEE ON EMPLOYMENT,
POVERTY AND MIGRATORY LABOR

HONORABLE GAYLORD NELSON
CHAIRMAN

BY

THE REVEREND LEON HOWARD SULLIVAN
FOUNDER/CHAIRMAN OIC OF AMERICA
(OPPORTUNITIES INDUSTRIALIZATION CENTERS)
FOR

YOUTH EMPLOYMENT INITIATIVES

THURSDAY, MARCH 13, 1980
ROOM 5110, DIRKSEN BUILDING
WASHINGTON, D.C.

My name is Leon Sullivan. I wish to thank you for making it possible for me to share with you some of the views and recommendations that I believe will be helpful to you as you formulate National Policy designed to guide the Congress,the President and the Executive Agencies of Federal, State and Local Governments as they face a most Distressing and increasingly dangerous youth unemployment crisis in America.

As you know, I have had the pleasure of appearing before most of you at hearings preceding the drafting of Employment and Training Legislation. I have had the privelege of serving as a Presidential Appointee to the National Commission on Manpower Policy created by the Congress as a part of the CETA Legislation of 1973, and I have helped shape the plans for inclusion of community-based organization such as OIC, The Urban League, Recruitment Training project, operation SER, Operation Mainstream, the Human Resources Development Institute and other union related and business related deliveries employment and training services who have demonstrated their effectiveness.

Like yourselves, I have analyzed and watched carefully the end results and the products of the training and employment process of The Comprehensive Employment Training Act, and I have recommended significant changes and amendments to correct what is wrong and improve where improvement is needed.

Now, today, as we look back on the history of Employment and Training Legislation and look ahead 10 years to the 1990's and the beginning of the 21st Century, I hope that each of us will be able

TO HELP ALL OF US AND ALL OF US WILL BE ABLE TO HELP EACH OF US TAKE THE BEST FROM WHAT WE HAVE LEARNED FROM OUR EXPERIENCES AND PUT IT TOGETHER TO CREATE A NATIONAL YOUTH POLICY ADEQUATE FOR OUR TIMES.

MY OWN CONTRIBUTION TO THIS PLANNING AND EVALUATION PROCESS IS BASED IN PART ON A TRIP THAT I HAVE MADE THROUGH THE WESTERN AND SOUTHWESTERN REGIONS OF THE NATION, MEETING AND TALKING WITH OIC LEADERS AND THEIR RELIGIOUS AND INDUSTRY SUPPORT COMMITTEES IN TEXAS, ARIZONA, NEVADA, NEW MEXICO, CALIFORNIA, WASHINGTON, OREGON AND UTAH.

I HAD THE OPPORTUNITY TO DRIVE AND WALK IN THE BLACK GHETTO, THE BROWN BARRIOS AND THE WHITE URBAN AND RURAL POCKETS OF POVERTY AND TALK WITH BOTH ADULTS AND YOUTH OF ALL RACES. AND WHAT I HAVE SEEN HAS DISTURBED ME MORE THAN I CAN ADEQUATELY DESCRIBE. I SAW GROWING CLUSTERS OF YOUNG PEOPLE ON THE STREET CORNERS OF OUR CITIES, AS I HAVE NOT SEEN SINCE THE DAYS BEFORE THE GREAT RIOTS OF THE SIXTIES. THESE YOUNG PEOPLE, BY THE HUNDREDS AND HUNDREDS OF THOUSANDS, ARE IDLE, FRUSTRATED, NOT KNOWING WHAT TO DO WITH THEMSELVES, OR THEIR TIME, AND BECOMING MORE AND MORE ANGRY AND DISILLUSIONED, AND INCORRIGABLE, BELIEVING AMERICA HAS TURNED ITS BACK ON THEM.

AS I RODE THROUGH THOSE STREETS IN CITIES AND TOWNS AND HAMLETS, I SAW, NOT ONLY THE GROWING NUMBER OF UNEMPLOYED YOUTH, BUT I SAW NEIGHBORHOOD AFTER NEIGHBORHOOD, AND COMMUNITIES AFTER COMMUNITIES, THAT LOOKED LIKE BOMBS HAD FALLEN ON THEM. HOMES AND BUILDINGS TOO GREAT TO NUMBER, MANY VACANT, AND MANY BEING LIVED IN, IN UNBELIEVABLE

DISREPAIR AND FALLING DOWN. BLOCK AFTER BLOCK AND SECTION AFTER SECTION, I SAW THE URBAN VITAL CENTERS OF AMERICA, BOMBED OUT BY POVERTY AND UNEMPLOYMENT, AND DRUGS, CRIME AND DISILLUSIONMENT AND FEAR.

I COME TO YOU TO TELL YOU WHAT IS GOING ON OUT THERE IN OUR CITIES AND IN OUR STREETS TODAY, AND TO SOUND AN ALARM TO US HERE, AND TO AMERICA, TO DECLARE WAR ON YOUTH UNEMPLOYMENT BEFORE YOUTH DECLARES WAR ON AMERICA. I COME TO SOUND AN ALARM TODAY AND TO CALL THE ATTENTION OF THE NATION TO THE NEED FOR DOING SOMETHING ABOUT OUR UNTRAINED, IDLE AND RESTLESS YOUTH BEFORE A CHAIN REACTION OF VIOLENCE ERUPTS THAT COULD TEAR OUR CITIES APART.

WE STILL HAVE PERHAPS, TWO, OR MAYBE THREE YEARS TO DO SOMETHING ABOUT IT. THEREFORE, I AM CALLING ON THE PRESIDENT, THE CONGRESS AND THE NATION TO MAKE THE EMPLOYMENT OF OUR UNEMPLOYED YOUTH, A MAJOR PRIORITY FOR AMERICA, EQUAL IN IMPORTANCE TO THE MIDDLE EAST PEACE TREATIES, IRANIAN AND AFGHANISTAN CRISES, EQUAL TO THE SALT II NEGOTIATIONS, AND EQUAL TO OUR CONCERN ABOUT HAVING ENOUGH OIL, STOPPING INFLATION, AND BALANCING THE BUDGET. BECAUSE IF WE DO NOT BEGIN TO DEAL WITH THE PROBLEM OF YOUTH EMPLOYMENT AS A NATIONAL PRIORITY, IN TIME, THE CONFUSION IN THE STREETS WILL DESTROY OUR ABILITY TO ACT AND DEAL WITH OUR OTHER DOMESTIC AND INTERNATIONAL PROBLEMS.

SURELY SUCH DANGERS COULD DESTROY THE VERY FABRIC OF OUR COUNTRY AND UNDERMINE THE MORAL AND SPIRITUAL VALUE OF OUR DEMOCRACY. IMAGINATIVE MOVIE-MAKERS HAVE RECENTLY PRODUCED FRIGHTENING SCENES OF RIOTING, LOOTING, VANDALIZING, TERRORIZING, TEENAGERS AND SUB-

TEENAGERS THAT MAKE OUR FEARS OF ADULT URBAN GUERRILAS, PALE IN SIGNIFICANCE.

THE INCREASING NUMBERS OF CRIMES, RAPES, ROBBERIES, EXTORTION AND MURDER CASES ATTRIBUTED TO YOUTH, IS BEYOND BELIEF. THE HORRORS DEPICTED IN NEWSPAPERS AND TELEVISION OF ROVING BANDS OF ANGRY YOUNG PEOPLE ASSAULTING AND MUGGING ADULTS OF ALL AGES, AND ESPECIALLY SENIOR CITIZENS, ARE HAPPENING NOW.

WE ARE IN TROUBLE AND ORDINARY PLANS FOR LEGISLATION WILL NOT GET THE JOB DONE - ORDINARY TASK FORCE RECOMMENDATIONS, DESPITE THE BEST INTENTIONS, WILL NOT GET THE JOB DONE THAT NEEDS TO BE DONE. WE NEED EXTRAORDINARY LEGISLATION, EXTRAORDINARY MOBILIZATION OF NATIONAL RESOURCES BY THE EXECUTIVE BRANCH OF THE FEDERAL GOVERNMENT; WE NEED AN EXTRAORDINARY COMMITMENT AND INVOLVEMENT FROM THE PRIVATE SECTOR AND WE NEED EXTRAORDINARY EFFORT ON THE PART OF COMMUNITY BASED ORGANIZATIONS, AS INTERMEDIARIES BETWEEN GOVERNMENT AND BUSINESS - BUSINESS AND LABOR AND THE PEOPLE THEMSELVES!

WE NEED AN ALL-OUT EFFORT - AN EFFORT THAT IS THE EQUIVALENT OF A WAR EFFORT -- WE NEED TO "DECLARE WAR" AGAINST THE SOURCES OF THIS TROUBLE - WE NEED TO DECLARE WAR VS JOBLESSNESS, HOPELESSNESS AND DESPAIR THAT ARE ALL A PART OF THE MOUNTING UNEMPLOYMENT YOUTH TRAGEDY.

WE CANNOT, WE MUST NOT, FAIL, OR SOCIAL DISORDER WILL COMBINE WITH HUMAN DESPAIR TO TURN TODAY'S CRISIS INTO TOMORROW'S DISASTER HERE ON THE HOME FRONT. THE ALTERNATIVE TO DESPAIR AND DESTRUCTION IS TO PUT AMERICANS TO WORK, CREATE JOBS AND JOB TRAINING OPPORTUNITIES SO THAT MEN, WOMEN, AND YOUTH CAN MAINTAIN THEIR SELF-RESPECT AND TAKE CARE OF THEIR OWN FAMILIES, REHABILITATE THEIR OWN HOMES, IMPROVE THE CONDITIONS OF THEIR OWN NEIGHBORHOODS, AND HELP REBUILD THE NATION.

WE MUST DO MORE THAN PASS RESOLUTIONS, WRITE REGULATIONS AND ISSUE DIRECTIVES. WE MUSTHAVE A MASSIVE INJECTION OF CORRECTIVE MEDICINE IN A SICK SOCIETY. I AM CONVINCED THAT OICs (OPPORTUNITIES INDUSTRAILIZATION CENTERS) HAVE A PRESCRIPTION FOR CORRECTIVE MEDICINE - A PRESCRIPTION THAT WILL MAKE THE FREE ENTERPRISE SYSTEM WORK FOR THE BENEFIT OF THE POOR, THE MINORITIES, THE IMMIGRANTS, AND THE UNEDUCATED OF ALL RACES. OIC HAS LEARNED HOW TO DEVELOP A PARTNERSHIP WITH INDUSTRY AND BUSINESS - LARGE, MEDIUM, AND SMALL. WE HAVE LEARNED TO DEVELOP A PARTNERSHIP WITH GOVERNMENT - NATIONAL, REGIONAL, STATE AND LOCAL.

WE HAVE KEPT OUR HANDS IN THE HANDS OF THE MASSES OF OUR PEOPLE, AND WE HAVE BECOME AN INSTRUMENT THAT IS IN PLACE AND PREPARED TO MOVE QUICKLY TO REACH THE UNREACHED AND TO MOTIVATE THE UNMOTIVATED THROUGH A SELF-HELP PROCESS THAT CAN CHANGE CONDITIONS FROM WHAT THEY ARE TO WHAT THEY OUTGHT TO BE. BY SPECIALIZING IN TRAINING, SKILLS, PERSONAL DEVELOPMENT, ECONOMIC DEVELOPMENT, AND COMMUNITY DEVELOPMENT WE, TODAY, ARE PREPARED TO HOLD THE LINE WHILE OTHER FORCES ARE BEING MARSHALLED TO DEAL MORE COMPREHENSIVELY WITH THE PROBLEM . WE ARE PREPARED TO SERVE AS AN INTERMEDIARY BETWEEN BUSINESS AND THE GOVERNMENT AND THE DISADVANTAGED YOUTH. WE ARE PREPARED TO WORK COOPERATIVELY IN A JOINT VENTURE WITH THE SCHOOL SYSTEM TO HELP SOLVE THE PROBLEM OF DROPOUTS AND DRUG-RELATED AND CRIME-RELATED DELINQUENCY PROBLEMS. WE ARE PREPARED TO WORK WITH OUR VAST NETWORK OF SUPPORTING CHURCHES AND CLERGY TO CRESTE A NET THAT WILL CATCH OUR YOUTH WHEN THEY FALL AND KEEP THEM FROM BEING DESTROYED.

LET ME ASSURE YOU THAT IT IS BECAUSE I AM CONVINCED THAT THIS IS SO - THAT I HAVE CALLED ON THE CONGRESS EVERY YEAR FOR MORE THAN A DECADE TO CONSIDER LEGISLATION THAT WOULD MAKE IT POSSIBLE FOR OIC

AND OTHER COMMUNITY BASED ORGANIZATIONS OF DEMONSTRATED EFFECTIVENESS TO BE UTILIZED AS A BUILT-IN TARGETING MECHANISM. I HAVE URGED THAT FEDERAL RESOURCES BE TARGETED TO THOSE WHO NEED HELP MOST BY ORGANIZATIONS AND PROGRAMS THAT HAVE DEMONSTRATED THEIR EFFECTIVENESS, MAINTAINED A RECORD OF FISCAL ACCOUNTABILITY AND COST-EFFECTIVENESS, AND PRODUCED TANGIBLE AND VISIBLE RESULTS IN THE RECRUITMENT, COUNSELING, TRAINING, AND PALCEMENT OF PEOPLE IN JOBS - TAKING PEOPLE OFF THE WELFARE ROLLS AND PUTTING THEM ON PAYROLLS.

EACH YEAR, WE HAVE GAINED A LITTLE IN THE WAY OF "SPECIAL CONSIDERATION" THROUGH LEGISLATION, BEGINNING WITH THE SCHWEIKER AMENDMENTS TO THE CETA LEGISLATION BACK IN 1970 AND REACHING A PEAK TEN YEARS LATER IN 1980 WITH THE SCHWEIKER YOUTH CAREER INTERN BILL NO. S 2286. EACH YEAR, WE HAVE HAD BIPARTISAN SUPPORT WITH DEMOCRATS JOINING REPUBLICANS, BEGINNING WITH THE HAWKINS AMENDMENT IN 1970 AND REACHING A PEAK WITH THE PERKINS OIC YOUTH BILL OF 1980. EACH YEAR, WE HAVE HAD ORIGINAL CO-SPONSORS IN THE SENATE, BEGINNING WITH THE LATE HUBERT HUMPHREY IN 1970 AND REACHING A PEAK WITH JENNINGS RANDOLPH IN 1980.

NOW WE COME AGAIN BEFORE YOUR COMMITTEE AT A TIME OF NATIONAL CRISIS THE ANTI-INFLATION POLICIES AND BUDGET BALANCING IMPERATIVES OF 1980 HAVE CREATED AN ENTIRELY NEW SET OF CIRCUMSTANCES IN WHICH TO CONSIDER YOUTH EMPLOYMENT PLANS.

THE PROPHETS OF DOOM AND GLOOM ASSURE US THAT THE BEST WE CAN HOPE FOR IS A SIMPLE EXTENSION RESOLUTION. THE POLITICAL EXPERTS PREDICT THAT EVERY ONE WILL PLAY GAMES AND NO ONE WILL BE SINCERE OR SERIOUS ABOUT TODAY'S OUT OF SCHOOL YOUTH UNEMPLOYMENT AND IN SCHOOL DROP-OUT TRAGEDIES.

Even our champions and advocates through the years express fears and doubts that any youth initiative, even one submitted by a Democratic President to a Democratic Congress has any chance of passage in the 96th Congress.

It is under these circumstances and in this climate of doubt and uncertainty that I come to you and appeal to you to join the struggle against defeat and despair, to put your considerable power and influence into the battle vs youth unemployment.

On behalf of our 150 communities, in rural and urban America and the 500,000 alumni of OIC Training Centers I come to you this morning to urge you to pass Youth Employment Amendments to the Re-authorization of Title IV of C.E.T.A.

I am impressed with the Javits Bill S. 2218 and the Kennedy bill s. 1129 and the Metzenbaum Bill S 2021.

I know that all of these bills address in a realistic way the needs of our young people, those school districts hardest hit, and those young people most disadvantaged.

It is my hope that we can add to this impressive arsenal of weapons the Schweiker-Randolph Bill S 2286 and focus on Subpart 3 to assure a public-private partnership between the school-system, the community based organization and the private sector businesses who supply the jobs.

I see the struggle requiring these kinds of amendments to CETA Title IV in order to secure a bridgehead with the business community and a bridgehead with the education establishment and a contract with community based organizations who have a demonstrated effective track record in bridge-building.

There is a tremendous need for orientation of youth on how to search for jobs, and for the promotion of use by employers of targeted jobs tax credit.

There is such a tremendous need to build a private-public partnership with employers, elected officials and community based organizations such as O.I.C. ...

There is such a tremendous need to tie together the efforts of the school system with the team of businessmen, government prime-sponsors and C.B.O's..

No one who has lived through the last two years of testing to find out what works and what doesn't work can fail to understand these needs.

I am especiallypleased with the bi-partisan concern and comitment as symbolized by Mr. Javits' bill targeting to those hardest hit - to the school districts and the youth who need help most. The requirement for an absolute partnership between labor and education the assurance that inner city poverty area school districts are reached - make us know that Republicans as well as Democrats, see the need for giving incentives to youth to get into a reward pattern - to go to school and hit the books and get a job and make some money and be somebody - taking care of themselves - not begging anybody for anything.

Now, finally, Mr. Chairman may I say a word specifically about O.I.C. and the Schweiker-Randolph Bill.

We are convinced after 16 years of experience and demonstrated effectiveness in the job development, training and placement business and six years in the business of experimenting with Career Intern projects in cooperation with the National Institute of Education (N.I.E.) that there should be an amendment to the youth legislation of 1980 - that assures inclusion of Community Based Organizations such as O.I.C. and the Career Intern Project.

We are convinced that the Career Intern Project will be as important to the future history of America as the Job Corps and the Teacher's Corps. We really feel as though the track record justifies having this committee give serious consideration to including a title for it just as it does for Job Corps.

The four years demonstration in Philadelphia produced a plan that worked. It worked so well that N.I.E. recommended it to Chairman Harrison Williams. The Department of Labor funded replication projects in Seattle, Detroit, New York City and Pougheepsie.

The two year results in those cities have been so good that the Youth Director and the Secretary of Labor both included this model as one of the success stories in their Youth publication distributed when the President announced his 2 billion dollar youth initiative for in-school and ouf of school youth.

The New York Times of Sunday March 9th carried an in-depth article based on their visit to the New York City C.I.P.

Senator Schweiker of your committee has introduced a bill S 2286 which combined with his introductory remarks, describes the achievements and the value of this model.

This Career Intern Program as he points out, has the support of Dr. Michael Timpane, Acting Director of the National Institute of Education.

As he points out - The statistics showed after three years 67 percent of the C.I.P. students as opposed to 13 percent of the control group were in school or had graduated. One year later, 71 percent of the C.I.P. students were employed and in college or technical school as opposed to 39 percent of the control group. The average cost for these programs is $2,300.00 per student as compared with a cost of $2,700.00 per student in public schools.

The C.I.P. can help break the cycle of the no skills, no diplomas, no jobs and no future for countless young people.

This, Mr. Chairman is also a program that is designed to save the federal government money and promote a pump-priming concept. In Philadelphia, the first year in funding was designed for 100 percent federal money, the second year 75 percent, third year 50 percent with eventual take over by State Government.

The State of Pennsylvania and the City of Philadelphia Board of Education concurred in the value of the program and the State did in fact buy the program.

Unusual contractual agreement have been worked out with the teachers union as well as the board of education in the cities where this program has been tested.

All in all it is our hope that you will give prayerful and careful consideration to including this OIC model in your final legislation submitted to to the Senate Human Resources Committee members and to the Congress. We naturally want this model authorized for replication by all other community based organizations of demonstrated effectiveness, such as Urban League, Operation SER, Operation Mainstream, Recruitment and Training Programs, Union related and employer related job training programs.

However, we could not close this testimony Mr. Chairman without referring directly to the Youth Act of 1980 submitted to the Congress by Labor Secretary Ray Marshall and the Secretary of Education Shirley Hufstedler.

We feel that the President and the two cabinet members, directly accountable for dealing with the youth unemployment problem have made a positive response to the appeals we have been making in O.I.C. with our Help Our Youth rallies across the nation and our One Million petition deliveries to the White House last June.

We feel that the concept of combining the resources of the Labor Department and the Education Department to make an all out attack on youth unemployment deserves our commendation and support.

Vice President Mondale's task force heard my appeal to combat the rip-off of our children that has occurred where our school systems have failed. I believe that the need to bridge the gap between elementary education and higher education where the federal dollars have been targeted is so obvious. I know that the Junior High Schools and the High Schools need the federal help ... but they also I must warn you - should get that help only if the federal government assures the guidelines to protect the children and youth and guarantee that the money will be spent to solve the crisis.

We must require by legislation a partnership between the school system the prime sponsor and the C.B.O's.

I have submitted as an appendix to my testimony for the record, the testimony from my O.I.C. Leader in Detroit and New York with reference to the C.I.P. I have also submitted the unique record from our Milwaukee O.I.C.

My National Executive Director, Mr. Elton Jolly was the Research and Development Executive who has worked with the C.I.P. leaders for the past six years. He has struggled through the complexity of delicate negotiations with union leaders, elected officials, school principals, superintendents of state education and city education systems. He knows where we have come from and where we are. I have asked him to add his own testimony as an expert witness for the record in my appendix.

We thank you Chairman Nelson for hearing us and we assure you of our cooperation in all that you are trying to do for all the people of America, and especially our young people.

TESTIMONY OF HUGH HENDERSON JR,
BOARD CHAIRMAN, OPPORTUNITIES INDUSTRIALIZATION
CENTER OF GREATER MILWAUKEE

TO THE

SENATE LABOR AND HUMAN RESOURCES

SUBCOMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR

MARCH 13, 1980

529

I AM HERE TODAY TO PROVIDE TESTIMONY ON THE SEVERAL YOUTH EMPLOYMENT BILLS (S. 1129, S. 2218, S. 2021 and S. 2286) BEING CONSIDERED BY THIS COMMITTEE AS WELL AS THE LEGISLATION, BEING BROUGHT FORWARD BY THE ADMINISTRATION. CLEARLY, SIGNIFICANT PORTIONS OF THE YOUTH POPULATION IN THIS COUNTRY NEED ASSISTANCE THROUGH RESPONSIBLE LEGISLATION IF THEY ARE TO FUNCTION IN SOCIETY TODAY.

S.2286, WHICH IS THE "YOUTH CARREER INTERN ACT" WOULD EXPAND THE HIGHLY SUCCESSFUL CARREER INTERN PROGRAM PRESENTLY OPERATIVE ON A DEMONSTRATION BASIS IN FIVE OIC CITIES. IMPORTANTLY, THIS SUCCESSFUL MODEL BRINGS TOGETHER LOCAL EDUCATIONAL AGENCIES AND OIC'S IN A PROGRAM WHICH STRIKES DIRECTLY AT A SEVERE LOCAL AND NATIONAL DISGRACE, THE HIGH NUMBER OF REAL AND POTENTIAL HIGH SCHOOL DROPOUTS, AGE 16-21. THIS BILL SHOULD BE SUPPORTED AND DESERVES YOUR FULL ATTENTION.

S.2218, ENTITLED "THE YOUTH EMPLOYABILITY DEVELOPMENT ACT OF 1980" WOULD AMEND CETA IV A TO CONSOLIDATE EXISTING YOUTH EMPLOYMENT PROGRAMS UNDER ONE GRANT AND ONE SET OF ELIGIBLITY REQUIREMENT.

S.2021, ENTITLED THE "YOUTH EMPLOYMENT ACT",FOCUSES ON EMPLOYMENT OPPORTUNITIES FOR OUT OF SCHOOL YOUTH AND AS PRESENTLY WRITTEN, WOULD NOT NECESSARILY BE ADMINISTERED THROUGH CETA. EACH OF THESE BILLS FOCUS ON DIFFERING ASPECTS OF CURRENT YOUTH LEGISLATION BUT DO NOT, IN OUR JUDGEMENT, GO FAR ENOUGH.

S.1129, THE "YOUTH OPPORTUNITIES INITIATIVES ACT OF 1979", FOCUSES ON A YOUTH EMPLOYMENT INCENTIVE PROGRAM FOR PRIME SPONSORS BASED ON PRIME SPONSORS PERFORMANCE RECORDS IN PLACING YOUTH ON JOBS AND, WOULD REQUIRE THAT SPECIAL EFFORTS BE MADE TO RECRUIT YOUTH FROM FAMILIES RECEIVING PUBLIC ASSISTANCE. WE WOULD SUBMIT THAT BILLS, SUCH AS S.1129 AS CURRENTLY PROPOSED, MAY EXCLUDE SIGNIFICANT COMMUNITY BASED ORGANIZATIONS OF DEMONSTRATED EFFECTIVENESS SUCH AS OIC. WE NEED TO HAVE LEGISLATION THAT WILL SHAPE A MORE CONSISTENT AND EFFECTIVE YOUTH EMPLOYMENT PROGRAM. WE NEED LEGISLATION THAT WILL FOCUS FULLY ON THE CALAMTOUS NATURE OF YOUTH UNEMPLOYMENT. S.2286, THE CARREER INTERN PROGRAM IS A START IN THAT DIRECTION AS IS H.R. 5876 IN THE HOUSE OF REPRESENTATIVES.

IT IS PARTICULARLY CRITICAL AT THIS TIME TO RECOGNIZE THE ENORMITY OF OUR YOUTH UNEMPLOYMENT PROBLEM. THE COSTS TO OUR LOCAL COMMUNITIES BECAUSE OF UNEMPLOYMENT AND DELINQUENCY AMONG YOUTH OUGHT TO BE CONSIDERED. LIFE LONG PATTERNS OF UNEMPLOYED AND CRIMINAL ACTIVITIES AMONG ADULTS WHO GET A POOR START IN LIFE DRAIN SOCIETAL RESOURCES THAT COULD BE USED FOR OTHER PURPOSES. THIS IS COSTING US LOCALLY MILLIONS OF DOLLARS AND NATIONALLY BILLIONS OF DOLLARS.

CAUSATIVE FACTORS IN THE YOUTH PROBELM ARE NOT GOING AWAY BY THEMSELVES. SUBSTANTIAL DROP-OUT RATES FROM HIGH SCHOOL CONTINUE, AN AVERAGE IN MILWAUKEE COUNTY OF 23% OVERALL 35% FOR BLACKS AND 45% FOR HISPANICS.

OVER 20% OF THOSE YOUTH WHO DO GRADUATE FROM HIGH SCHOOL DO NOT ACHIEVE EVEN AN EIGHTH GRADE READING LEVEL. SUBSTANTIAL NUMBERS OF YOUTH HAVE DEFICIENCES IN LANGUAGE AND NUMERICAL SKILLS. THE TRANISTION INTO PERMANENT JOBS CONTINUES TO BE DIFFICULT FOR MANY YOUTHS. THUS, IN MILWAUKEE COUNTY THERE CONTINUES TO BE POCKETS OF HIGH AND PROLONGED UNEMPLOYMENT (NEARLY 50% OF ALL UNEMPLOYMENT IN THE MILWAUKEE AREA IS ACCOUNTED FOR BY YOUTH UNDER AGE 24) AND THERE ARE INDICATIONS THAT THE RATE MAY BE HIGHER THAN THAT IN THE 18-21 AGE BRACKET AMONG MINORITY YOUTH. I WOULD ALSO SUBMIT TO THE COMMITTEE THAT THE LESS ADVANTAGED IN OUR SOCIETY ARE CONTINUING TO FALL FURTHER BEHIND. AS THIS SOCIAL CLEVAGE WIDENS, WE MAY EXPECT THAT SOCIAL UNREST WILL ACCELERATE. WE ARE IN REAL DANGER OF CREATING A PERMANENT UNDERCLASS, A SELF-PERPETUATING CULTURE OF POVERTY UNLESS SERIOUS ACTION IS UNDERTAKEN TO HALT THIS TREND. IN MY VIEW, THIS PROBLEM WILL NOT EASILY BE SOLVED. IT WILL TAKE MICRO AS WELL AS MACRO SOLUTIONS. AND, JUST AS UNEMPLOYMENT CAUSES SOCIAL PROBLEMS, IN CONSIDERING LEGISLATION IT SHOULD BE REMEMBERED THAT SOCIAL PROBLEMS ALSO CAUSE UNEMPLOYMENT. THE SOLUTION IS MORE THAN JUST MONEY. IN THIS TIME OF NATIONAL CONCERN IN OUR FORIEGN AFFAIRS AND WITH SIGNIFICANT INFLATION IN AMERICA, I URGE THIS COMMITTEE TO WEIGH THE FACTORS I AM PUTTING FORTH CAREFULLY. WE NEED TO HAVE A BALANCE IN THE NATIONAL STRUGGLE TO CONTROL INFLATION, PRESERVE JOBS AND HOPEFULLY, SAVE A SIGNIFICANT NATURAL RESOURSE, OUR YOUTH.

THEREFORE, I ASK THE COMMITTEE TO UNDERSTAND THAT WE NEED STRONG NATIONAL LEADERSHIP, BUT THAT THE SOLUTION TO THE PROBLEM LIES MOSTLY IN LOCAL COMMUNITIES. AND, THROUGH THE DIRECT INVOLVEMENT OF LOCAL COMMUNITY BASED ORGANIZATIONS OF DEMONSTRATED EFFECTIVENESS, SUCH AS OIC, SER, THE URBAN LEAGUE AND OTHERS. THE DIRECT INVOLVEMENT OF COMMUNITY BASED ORGANIZATIONS IS NEEDED BECAUSE, WE KNOW THE PROBLEM AND HAVE BEEN PARTICULARILY INNOVATIVE ON A LOCAL LEVEL IN DEMONSTRATING OUR EFFECTIVENESS.

IN MILWAUKEE COUNTY FOR EXAMPLE, 12 COMMUNITY BASED ORGANIZATIONS PARTICIPATE IN A VARIETY OF YOUTH COMMUNITY CONSERVATION IMPROVEMENT PROGRAMS. ACTIVITIES INCLUDE A RANGE OF SERVICES INCLUDING YARD AND SNOW REMOVAL SERVICES FOR THE ELDERLY AND HANDICAPPED TO MAJOR HOUSING REHABILITATION ACTIVITIES. OIC-GM OPERATES A HIGHLY SUCCESSFUL NATIONAL DEMONSTRATION PROJECT ENTITLED, 'VENTURES FOR COMMUNITY IMPROVEMENT.' THE PROJECT BROUGHT TOGETHER BUSINESS, GOVERNMENT, EDUCATIONAL INSTITUTIONS, LABOR AND EMPLOYERS WHO COLLECTIVELY, DEVELOPED AN EFFECTIVE PROGRAM OF HOUSING REHABILITATION THAT DIRECTLY EMPLOYS HARD CORE UNEMPLOYED YOUTH (60 AT A TIME) AS CARPENTER AND PAINTER TRAINEES. THE YOUTH WORK IN CREWS OF SIX (6) , SUPERVISED BY A JOURNEY CARPENTER OR PAINTER. THE PROJECT, IN TERMS OF DIRECT COMMUNITY BENEFITS, HAS COMPLETED OVER 345 MAJOR AND MINOR HOUSING REPAIRS IN 13 MONTHS IN OUR COMMUNITY. BECAUSE OF A CREATIVE AND DYNAMIC LOCAL PRIME SPONSOR, COUNTY EXECUTIVE WILLIAM F. O'DONNELL IN MILWAUKEE COUNTY, YCCIP PROJECTS SUCH AS VENTURES ARE POSSIBLE.

AND, BECUASE OF THE DIRECT INVOLVEMENT OF TRADE UNIONS, EMPLOYERS AND GOVERNMENT, OIC-GM, THROUGH IT'S PARTNERSHIP CONCEPT, HAS BEEN SUCCESSFUL IN PLACING THESE YOUNG PEOPLE INTO VARIOUS APPRENTICESHIP AND OTHER SKILLED TRADES. YOUTH EMPLOYMENT AND TRAINING ACTIVITIES IN MILWAUKEE COUNTY ARE ALSO SIGNIFICANT. TOTALS OVER 818 YOUTH ARE BEING SERVED AT ANY POINT IN TIME IN A VARIETY OF PROJECTS. AND, SUMMER YOUTH EMPLOYMENT ACTIVITIES ARE SIGNIFICANT TO OUR YOUTH. OIC-GM HAS FOR THE PAST SEVERAL YEARS OPERATED SUCH A PROGRAM AND, THROUGH THE COOPERATION OF THE LOCAL EDUCATIONAL AGENCY, HAS BEEN VERY SUCCESSFUL IN KEEPING YOUTH IN SCHOOL AND FUNNELING OTHERS INTO MEANINGFUL ALTERNATIVES. ANNUALLY, OVER 3,940 YOUTH IN MILWAUKEE COUNTY BENEFIT FROM THIS PROGRAM.

HOWEVER, EVEN THOUGH THESE YOUTH PROGRAMS ARE CURRENTLY OPERATIVE, GIVEN THE MAGNITUDE OF THE PROBLEM, THE RESOURCES AVAILABLE ARE NOT SUFFICIENT. THEREFORE, AS I HAVE INDICATED PREVIOUSLY, IT IS OF UTMOST IMPORTANCE THAT THIS COMMITTEE, IN FORMULATING NEW LEGISLATION OR CONTINUING THE EXISTENT, STRIVE FOR A BALANCED APPROACH THAT WILL PROPERLY ADDRESS THIS SIGNIFICANT PROBLEM.

IN MILWAUKEE, AS ELSEWHERE, WE RECOGNIZE THAT THERE ARE MANY YOUTH PROBLEMS. UNEMPLOYMENT IS BUT ONE, AND IT IS NOT GOING TO EVAPORATE. THERE IS FOR EXAMPLE, THE 'OUT OF EVERYTHING' GROUP THAT MAY I SUBMIT, CONSTITUTE A MORE SEVERE PROBLEM THAN THE UNEMPLOYED YOUTH WE KNOW ABOUT BECAUSE THEY AT LEAST ARE OR HAVE ATTEMPTED TO GET JOBS.

ALSO, IT IS SIGNIFICANT FOR THE COMMITTEE TO CONSIDER THE FEDERAL GOVERNMENT EXPENDITURES FOR LOW INCOME YOUTH IN COLLEGE AS OPPOSED TO THOSE WHO ARE HIGH SCHOOL DROP-OUTS. THE DISPARITY IS SIGNIFICANT. IN VIEW OF THE SERIOUS PROBLEMS OF ABSENTEEISM, DEFICITS IN BASIC SKILLS AND SCHOOL DROP-OUT RATES IN GRADES 10, 11 AND 12, I WOULD URGE THIS COMMITTEE TO CONSIDER SPANDING FEDERAL DOLLARS PROPORTIONABLY TO THE INTENSITY OF THE PROBLEM.

LASTLY, I WOULD URGE THIS COMMITTEE NOT TO FORGET THAT WE ARE ADVOCATING LEGISLATION THAT DIRECTLY AFFECTS MILLIONS OF OUR YOUTH, A MOST PRECIOUS COMMODITY. WE MUST CONTINUE TO PROVIDE THEM WITH SOME HOPE, DESPITE THE SIGNIFICANT PROBLEMS FACING OUR COUNTRY TODAY.

Senator **Nelson**. Our next witness is Ruth Kobell, legislative assistant, National Farmers Union.

Ms. **Kobell**. Mr. Chairman, we appreciate the opportunity to report briefly this morning on an effort that we have undertaken to address the needs of rural unemployed young people.

You will remember that back in 1965, you authored the mainstream program, which provided an opportunity to focus on the needs of rural older and young people, to provide employment opportunities as a part of the war on poverty.

Out of that, we developed our greenthumb program, which has grown to provide employment opportunities for over 16,000 older, low income workers in rural areas to do community service work.

Senator **Nelson**. Let me say that the Farmers Union has done a superb job on this program. It is one of the very, very few programs that I am aware of about which I have yet to hear the first complaint, and it has been in operation for just about 15 years.

Ms. **Kobell**. We appreciate those kind comments. We are going to do everything we can to continue that fine support.

During that same time, the State Farmers Union in Wisconsin and several other States have sponsored NYC programs which did address the needs of rural young people.

Greenthumb workers in other States have also helped to supervise CETA workers in a variety of work projects on an informal basis. We talked for several years about the idea that older workers could provide a very special kind of support for young people who found themselves adrift in their effort to develop a life career.

So, a year ago last October, we contracted with the Department of Labor under the Youth Employment Demonstration Projects Act of CETA to carry on a small demonstration in two States, to see if the idea that older workers could provide support for young people was effective and valid.

We are very proud of the work that has been done under that program. We found that both young people and older people suffer from the handicap of age in the employment field. Older workers are sometimes considered too old and do not have a demonstrated and documented previous employment history. Young workers are too young, and often cannot demonstrate a work history.

Our greenthumb young worker program focused on community service projects that would provide some skill, but largely focused on the effort to instill work habits and attitudes in relation to employment.

The young people have developed more self confidence; have made efforts sometimes to go back to school; sometimes to enter into vocational training; sometimes to be able to move into the job market itself.

We would hope that in considering youth employment legislation there would be an emphasis on targeting some major concern to rural youth. We know they are scattered. We have used effectively our network developed under our greenthumb program to reach out and find the most disadvantaged young people in the scattered communities. We also hope that there may be more money for older workers so that we could hire additional people to work in this field.

We believe it is an important demonstration of some of the ways in which we can target the Federal funds that do become available to address several very difficult problems.

I recognize your time constraints, and I do appreciate the fact that our statement will be in the record.

Thank you very much.

[The prepared statement of Ms. Kobell follows:]

National
Farmers Union

STATEMENT OF

RUTH E. KOBELL
LEGISLATIVE ASSISTANT
NATIONAL FARMERS UNION

PRESENTED TO

SUBCOMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

REGARDING

YOUTH EMPLOYMENT PROGRAMS

MARCH 13, 1980

Mr. Chairman and Members of the Subcommittee:

I am Ruth E. Kobell, Legislative Assistant, National Farmers Union, 1012 14th Street, N.W., Washington, D.C. 20005. National Farmers Union represents some 300,000 farm families across the heartland of America. They have for decades worked for programs which will maintain family farmers on the land, able to produce a stable and abundant supply of food and fiber for our citizens and others around the world. They have also supported a full employment economy which will provide opportunity for all our citizens, young and old, who want to work and contribute to our economy to have the opportunity to do so.

It was in this spirit that National Farmers Union sponsored one of the first studies of rural poverty in the early 1960s, and later developed the Green Thumb program which provided an opportunity for disadvantaged rural citizens to supplement their income through community service employment that contributed to the welfare of rural communities.

Senator Gaylord Nelson, Chairman of this Subcommittee, introduced the legislation under which Green Thumb was originally funded in 1965 which was called "Operation Mainstream", Title IB of the Economic Opportunity Act. It authorized the establishment of "special programs which involved activities directed to the needs of those chronically unemployed poor who have poor employment prospects and who are unable, because of age or otherwise, to secure appropriate employment assistance under other programs, which in addition to other services provided, will enable such persons to participate in projects for the betterment and beautification of the community...".

Basically, the amendment provided for federally-subsidized employment to poor adults, mainly in rural areas---it was characterized as a counter-balance to the other "war on poverty" programs which tended to serve youth in urban areas. Some 80 percent of the funds were directed to the programs which served those over 22 years of age. The remaining 20 percent focused on the rural older workers' employment program.

I recognize that your hearing today focuses on the problems of youth employment and training but I wanted to review this bit of history to note that your Chairman and many others in Congress have recognized over the years that unemployed citizens at both ends of the age spectrum share special problems.

I am proud to report that because of the continued strong support of Congress these last 15 years, Green Thumb has grown from a beginning of 240 job opportunities in four states to some 16,500 job opportunities in forty-five states, Puerto Rico and the District of Columbia. The program is now authorized as Title V of the Older Americans Act, the Senior Community Service Employment Program and provides 52,500 employment opportunities for older disadvantaged workers in both rural and urban areas, administered by eight national program sponsors and the governors of the fifty states and territories. But I would also remind you that this still offers the opportunity to work and contribute to less than one percent of those who are eligible and would like to work.

During the growth and expansion of the Green Thumb program in service to rural citizens and their communities, we have also recognized the needs of rural unemployed young people. Several of our states have continued to sponsor and administer sizable youth employment programs under CETA funding.

In many states Green Thumb has been asked to provide senior workers who could supervise and work with young CETA workers in a variety of projects. This informal networking has helped to multiply the effectiveness of available employment funds.

But we have been concerned with the evident tendency for CETA funds to be concentrated on urban areas where the visibility of youth unemployment was higher. We know that the lack of visibility of older workers in rural areas does not hide their need to work and supplement meager incomes. So we also believe that many rural young people needed the opportunity to learn good work habits and skills. We surmised that older workers could provide important support and training to these young people.

In October, 1978, Green Thumb secured a grant from the Department of Labor under Title III, Youth Employment Demonstration Project Act, of the Comprehensive Employment and Training Act (CETA) (PL 95-93) Youth Incentive Entitlement and Pilot Projects, to provide a demonstration of rural youth employment and training in community service employment under the supervision of senior Green Thumb workers.

Green Thumb's experience with the Younger Workers Program to date has been both stimulating and fruitful. Initial findings-indicate that young people in the age group of 16 to 19, and older persons aged 55 years and over, tend to experience similar problems in finding employment. For example, most rural older persons are handicapped by age discrimination and lack of documented previous employment history. In the case of retired farm wives or widows, they have seldom held jobs outside of the farm.

Young people also suffer from the handicap of age (too young) and usually lack documented previous employment experience.

Both age groups indicate some sense of isolation and alienation which underlines the need for employment assistance and counseling. It was, therefore, imperative that an active system within the community be devised to attract the unaware or otherwise discouraged applicant.

In this respect, the long history and rural track record of the Green Thumb program proved invaluable. Linkages with other employment services and programs, education institutions, social services and programs, social service facilities, and community organizations had been developed and strengthened over the 14 years of operation throughout rural America. Both Green Thumb's administrative staff, and the over 750 Green Thumb workers in the two states, served as eyes and ears in a recruiting effort that blanketed the hundreds of rural communities in Oklahoma and South Dakota.

The Younger Worker Program was developed to explore several needs and concerns: to assist the economically disadvantaged rural youth ages 16 to 19 years old to complete basic education and/or vocational education; to gather work experience and prepare for future job placement; and to test the theory that older workers (in this case, those over the age of 55) can serve as role models to transfer the work ethic, good work habits, and the desire to perform and learn high quality skills. The project, which provides part-time employment, referral and counseling services, and skill enhancement opportunities for the workers was designed to be responsive to the specific needs of rural youths.

Provisions of the grant from the Department of Labor directed that employment of the young people be focused on construction and maintenance projects. Major emphasis was placed on program analysis and testing and progress measurement has been reviewed by the Educational Testing Service under contract with the Department of Labor so there can be documented information which may be useful to other sponsors who might wish to undertake similar programs.

Although there is always room for improvements and refinements in any pilot project, the Younger Worker Program has struck a responsive chord with rural community leaders and with both younger and older rural workers. The success of the program indicates a need to expand it both in size and scope.

There have been some incidents of young workers not showing up for work or refusing to follow instructions occurring, but this problem was solved in most cases by investigating the reasons and teaching the young person how to find solutions to problems and work them out with their supervisors. In one case a revised work schedule cutting down hours and switching to a four-day work-week alleviated the problem. In another case a firm hand was needed when a young person refused to do the work as instructed. He was simply told he could go home and his services were no longer necessary. The youth returned the next day, apologized and requested another chance. He was accepted back with the crew and is working very well.

Workshop discussions were organized with participation of Young Workers, Senior Workers and Sponsors. Comments were positive and vital information on attitude changes was obtained. Young workers referred to increased self-esteem, respect from peers and the lessons learned in how to get along with others and take instructions. Two young women voiced a satisfaction for being able to understand why a man came home from work tired and didn't feel like doing things with the family. Another comment was that one young worker could now help her father in the garage because of some of the things she had learned on the job.

Young workers felt their work had improved their relationships with their parents because of what they were learning from older workers in relationships as well as job skills. Reference was also made to learning how to plan a budget. One young man who was extremely shy when he first began to work on the program, has now gained the courage to apply for other jobs. He plans to leave the program as soon as permanent employment is found. He can now communicate and has gained the confidence to go through job interviews.

Another young worker has enrolled in college and plans to study Business and Management. Her wages had enabled her to purchase the needed items for school, including clothes, so that she could feel comfortable with her peers. She said she was interested in future employment with Green Thumb at the administrative level because she is impressed with the organizational structure of Green Thumb, as well as the good being done by the program.

Senior workers also indicated changes in attitudes, including increased self-respect, increased respect in their communities and the feeling of being young again because they are around young people. One senior Green Thumber said quite adamantly that working with the Young Workers Program was the greatest experience of his life.

Sponsors also felt that their attitudes had changed. They were finding a new respect for young people, pride placed in the youngsters from their local communities and a renewed faith in the future.

Another workshop centered around the possibility of young people attending a vocational training program that would provide certified apprenticeship training. The linkages developed for the program are with the Sisseton Wahpeton Sioux Tribe and the local representative for the Bureau of Indian Affairs. The program would be open to any young worker in the area. Senior workers were also invited to attend.

Again, attitudinal changes can be observed. Young workers were enthusiastic about attending the apprenticeship program. The trades being taught will be used in building a house and include carpentry, masonry, plumbing and electrical wiring. Senior workers seemed to be open minded about the advantages of further education and they will also be attending with the young workers they supervise. One senior Green Thumber remarked that he had learned a great deal already in working with the young workers.

This presents an approach to several rural problems---unemployment, lack of education, lack of vocational facilities, continuing education of seniors and, last but not least, the problem of substandard housing. The house that will be built will actually be the new home for a low-income family, and money received will be used to train more persons and build more homes.

Interviews have revealed that the young workers assisting senior workers have reduced the time needed to complete projects by half. The extra hands and the ingenuity of the team concept in one case has completed a project that was expected to take over a year.

We believe the Green Thumb Youth Community Service Demonstration Program has been a valuable investment in time and money in showing ways in which the special needs for employment, training, motivation and counseling of rural young people can be met. So often they are far removed from the more formal counseling and support services in urban areas.

Green Thumb is asking the Department of Labor to extend and expand the program beyond its present March 31 termination date. Green Thumb state directors and staff in some dozen states have indicated their desire to develop a similar demonstration program and we believe it would be a valuable investment in employment and training funds.

We recognize that 60 percent of the substandard housing in our nation is in rural America and we hope that an expanded program could provide greater emphasis on home repair and weatherization for the many rural disadvantaged citizens who need to conserve both their heating fuels and their meager incomes.

We urge that youth employment legislation being considered by this Committee and other Committees of the Congress will give attention to the special needs of rural unemployed young people and the many rural communities who need their services and their earnings.

I am attaching excerpts from reports to the Department of Labor which will give you an idea of the wide variety of services which have already been provided by these workers to the citizens of their rural communities.

In an effort to measure our Green Thumb program approach, we have compiled figures to compare our program with the state CETA youth employment programs. You will note that there was a lower percentage of turnover and a lower percentage of non-positive completions in the Green Thumb program than in the state run program. We believe this is due, in a major way, to the supervision and support of the younger workers by the senior Green Thumb workers. We hope that additional funds can be made available to hire older workers so we can expand on their unique contribution to the resolution of the very difficult problem of high youth unemployment.

Thank you for the opportunity to appear before you today. We will be anxious to provide additional information you may find useful.

U.S. DEPARTMENT OF LABOR
Employment and Training Administration

QUARTERLY SUMMARY OF YOUTH CHARACTERISTICS

2. TYPE OF PROGRAM
☐ YETP ☒ YCCIP ☐ OTHER

3. GRANT NUMBER
99-8-093-30-46

4. PERIOD COVERED (Mo. Day Yr.)
a. From Oct. 1, 1978
b. To Dec. 31, 1979

1. PRIME SPONSOR'S NAME AND ADDRESS

Green Thumb, Inc.
1012 14th Street, N.W.
Washington, D.C. 20005

FOR REGIONAL OFFICE USE ONLY
CONTRACT KEY
REPORT PER

Summary

INSTRUCTIONS: Items with (*) must add to Line 1 in that column.

Line No.	CHARACTERISTICS A		COLS.	TOTAL PARTICIPANTS B	TERMINATIONS Total C	TERMINATIONS Entered Employment D
1	TOTAL		W 1 27	773	257	33
2	SEX*	Male	48	444	152	19
3		Female	87	329	105	14
4	AGE*	14 - 15	W 2 27	2	2	0
5		16 - 17	W 3 27	550	180	20
6		18 - 19	48	221	75	13
7		20 - 21	87	0	0	0
8		22 and over	W 4 27	0	0	0
9	EDUCATION*	High School Student	48	461	139	16
10		High School Dropout	87	230	95	11
11		High School Completion, Not Attending School	W 5 27	71	21	6
12		Attending Post High School	48	11	2	0
13	FAMILY INCOME	AFDC and Other Public Assistance	87	145	76	5
14		Economically Disadvantaged	W 6 27	628	181	28
15		85% or Less Lower Living Standard	48	0	0	0
16	FAMILY* STATUS	Family Head	87	97	53	6
17		Family Member	W 7 27	609	184	26
18		Dependent Individual	48	67	20	1
19	ETHNIC* GROUP	White	87	428	126	27
20		Black	W 8 27	92	10	2
21		American Indian	48	249	120	4
22		Other	87	4	1	0
23		N/A	W 9 27	0	0	0
24	Spanish American		48	4	1	0
25	Limited English Speaking Ability		87	22	13	0
26	Migrant or Seasonal Farm Family Member		W A 27	2	0	0
27	Veteran		48	0	0	0
28	Handicapped		87	9	3	0
29	Offender		W B 27	25	6	0
30	LABOR* FORCE STATUS	Underemployed	48	30	6	2
31		Unemployed	87	734	251	31
32		Other	W C 27	9	0	0
33	Unemployment Insurance Claimant		48	0	0	0
34			87	0	0	0
35			W D 27	0	0	0

Line No.	WAGES E		COLS.	BEFORE PARTICIPATION F	UPON ENTERING EMPLOYMENT G
36	HOURLY WAGE	No previous wage	W E 27	6	
37		Less than $2.30	27	3	
38		$2.30 - 2.65	47	14	
39		$2.66 - 2.99	27	5	10
40		$3.00 - 3.49	W F 27	4	1
41		$3.50 - 3.99	27	1	17
42		$4.00 or more	47		5

5. SIGNATURE AND TITLE

6. DATE SIGNED

7. TELEPHONE NUMBER

South Dakota Green Thumb--Younger Worker Program
County by County Breakdown of projects

CLASSIFICATION	COUNTY	NO. OF PERSONS	DESCRIPTION
Education/ General	Brookings	1	One male at the Volga School doing maintenance and repair.
Education/ General	Brookings	1	One female repairing and maintaining greenhouses, etc. for the South Dakota State University Horticulture Department.
Public Works/ General	Brown	1	One female maintaining and repairing city parks and buildings for the City of Columbia.
Rec. Indoor/ General	Brown	4	Three females and one male painting and renovating gym at the Aberdeen Boys Club. Also insulating & winterizing building.
Rec. Indoor/ General	Brown	3	Three females doing renovation and maintenance at the Frederick Teen Center.
Education/ General	Davison	4	One female and three males working at the Mitchell High School maintaining grounds and building.
Education/ General	Davison	2	Two females working with the crew at the Mitchell School Administration Bldg., stripping and varnishing trim, etc.
Rec. Indoor/ Senior	Day	2	One female and one male doing maintenance at the Waubay Senior Citizens Center.
Rec. Indoor/ General	Day	5	Three females and two males working at the Enemy Swim District Center maintaining the building and grounds. (SWST)
Housing Rehab./ General	Dewey	5	Two females and three males working for the Cheyenne River Sioux Tribe Housing Authority painting, repairing & winterizing tribal housing.
Public Works/ General	Dewey	2	One female & one male repairing and maintaining city buildings and facilities for the City of Timber Lake.
Education/ General	Dewey	3	Two females and one male doing maintenance of building and grounds at the Timber Lake school.
Public Works/ General	Douglas	2	Two males repairing park equipment and city buildings for the the City of Armour.
Education/ General	Gregory	2	One female and one male doing minor repair and maintenance at the Fairfax School.
Education/ General	Hanson	2	One female and one male repairing, maintaining the building and grounds at the Alexandria School.
Public Works/ General	Hutchinson	1	One female doing repair and maintenance of city buildings and facilities for the City of Parkston.

SOUTH DAKOTA YOUNG WORKER PROGRAM

CLASSIFICATION	COUNTY	NO. OF PERSONS	DESCRIPTION
Education/ General	Lake	2	One female and one male in the Chester School doing maintenance work on the building.
Education/ General	Lake	4	Three females and one male doing minor repair and maintenance of the grounds and buildings of the Madison High School and Madison Junior High School.
Education/ General	Lincoln	1	One female at the city of Lennox Library doing repair, maintenance and painting.
Public Works/ General	Lincoln	1	One male working for the City of Lennox, Community Development, painting, renovating and repairing City hall and other city buildings.
Education/ General	McCook	2	Two males at the Montrose School doing repair and maintenance of building and grounds.
Public Works/ General	McPherson	4	Two females and two males at the City of Leola doing general city maintenance including City parks, streets and dump grounds.
Rec. Indoor/ General	Marshall	1	One male repairing and renovating the Britton Senior Citizens Center.
Education/ General	Marshall	4	Four females at the Britton school doing maintenance and repair of the school Bldg.
Rec. Indoor/ General	Marshall	1	One male at the Buffalo Lake District Center doing maintenance and renovating the center. (SWST)
Rec. Indoor/ General	Marshall	1	One male at the Veblen District Center maintaining grounds and building. (SWST)
Rec. Indoor/ Senior	Marshall	1	One female helping with clean-up and maintenance of the Veblen Senior Citizens Center.
Education/ General	Mead	2	Two males assisting in the maintenance and repair of the Williams Junior High School in Sturgis.
Education/ General	Miner	1	One female at the Howard School refinishing furniture, and painting, repair and maintenance of the building.
Public Works/ General	Minnehaha	1	One female working as a clerical aide in the Green Thumb detached national office in Sioux Falls.
Education/ General	Moody	24	Two females and 22 males working at the Flandreau Indian School doing grounds maintenance and cleaning dormitories.
Education/ General	Pennington	4	Three females and one male doing maintenance and repair work to the New Underwood School.

SOUTH DAKOTA--Young Worker Program

CLASSIFICATION	COUNTY	NO. OF PERSONS	DESCRIPTION
Rec. Outdoor/ General	Pennington	7	Three females and four males maintaining all park facilities. Also painting and repairing bathrooms, picnic tables, etc. for the Rapid City Parks Department.
Rec. Outdoor/ General	Pennington	11	Four females and seven males working for the Sioux Addition Civic Assoc. renovating, painting and repairing the community hall; cleaning up and fencing surrounding area.
Housing Rehab./ General	Roberts	1	One male working with the N.E.S.D. Communit Action Program doing home winterization for economically disadvantaged families. Insulating, installing storm windows and doors, and weatherstripping and caulking.
Rec. Indoor/ Senior	Roberts	1	One male doing maintenance at the Big Coulee District Senior Center. (SWST)
Rec. Indoor/ General	Roberts	2	Two females at the Long Hollow District Center maintaining and repairing the building and grounds. (SWST)
Education/ General	Roberts	7	Two females and five males participating in the apprenticeship program at the Skill Center (under the supervision of the Sisseton Wahpeton Sioux Tribe). Actual work experience in carpentry, plumbing, Electrician, masonry and business admin.(SW
Public Works/ General	Roberts	1	One female at the Tribal Alcohol Program doing maintenane work. (SWST)
Housing Rehab./ General	Roberts	3	Two females and one male renovating and winterizing housing for low income families in the Peever area.
Education/ General	Todd	6	One female and five males repairing, painting and maintaining the St. Francis Indian School.
Education/ General	Turner	2	One female and one male maintaining the building and grounds at the Marion School.
Education/ General	Yankton	1	One male at the Adjustment Training Center in Yankton doing renovation, installing handicap ramps, replacing windows, etc.

SUPERINTENDENT
1425 Sherman Street
Phone 605/347-2523

BUSINESS MANAGER
1425 Sherman Street
Phone 347-2523

NORTHWESTERN VT SCHOOL
Director
Phone 347-2611

PRINCIPALS:

Brown High School
347-[illegible]

Williams Junior High
347-2781

Sturgis Elementary
347-2386

Whitewood
269-2264

Piedmont
787-[illegible]

Meade School District 46-1
STURGIS, SOUTH DAKOTA 57785

. November 16, 1979

National Director for Youth Program
So. Main Ave.
Sioux Falls, S. D. 57101

Attn: Ms. Juanitta Keiser, Director

Dear Ms. Keiser:

The maintenance and janitorial staff at R. B. Williams Jr. High would like to share our feelings with you concerning the program for Green Thumb Youth.

We have had lots of experience working with young people over the years in several different kinds of youth programs. They all have merit. Anything we can do to provide job opportunities for young people so they can learn about the world at work is beneficial to society as a whole.

Our philosophy or method of operation is to place each youngster with a compatible older person. We work at establishing a one to one relationship which seems to enhance the self esteem of both individuals. It is also important that we move our teams around so they have different work experiences, this again compliments the relationship. The older worker needs the change and the younger worker welcomes the change. We strive to recognize, stroke and enhance the dignity of each worker.

The two best government programs we have been associated with for young people have been the work study program and the Green Thumb Youth Program. The main reasons for the success and effectiveness of these two programs are:

A. The duration of the program, they last all year which which gives one the opportunity to get a definite behavior change.

B. The teaming up of the older worker with the younger worker, the apprenticeship concept.

C. The effect this kind of success and responsibility has on the other family members of the workers.

D. The feeling of pride and accomplishment that our older workers get from having worked and had success with these young people.

All 900 of us would like to report to you that we like your program. It's a good investment and you should not terminate something this effective.

Sincerely yours,

Robert D. Daane
Principal

RD:ln

GREEN THUMB PROJECTS

1. The construction and repair of benches in our hallways where students can sit and visit before and after school.
2. The painting and repair of handrails and fences which protect and make safe our school entrances and playground areas.
3. Cleaned up a vacant lot next to our school and with help from our custodial staff, seeded and fenced it. We now have a beautiful playground area.
4. The installation at parking blocks and steel gates in one of our parking lots.
5. The rejuvenation of over 400 student lockers . They were completely disassembled, the doors were put through a plainer in our school shop, then they were refinished and reconstructed.
6. The Green Thumb youngsters cleaned the entire heating system from filters to univents. This we hope will pay back dividends in energy savings.
7. The construction and painting of partitions in our Title I and Special Education classrooms was accomplished by our Green Thumb workers.

These are some of the larger projects the youngsters have accomplished. This list of things they have helped out with goes on and on. All types of painting, window cleaning, yard work and janitorial duties. We hope this explanation gives interested persons an idea of what this program means to us.

BIG FIVE COMMUNITY SERVICES, INC.
215 North 16th, Box 371
DURANT, OKLAHOMA 74701
Phone (405) 924-5331

F. R. "TONY" SMITH, Director
Coal County Office
210 North Main Street
Coalgate, Oklahoma 74538
Phone (405) 927-[illegible]

October 22, 1979

To whom it may concern:

Four Green Thumb young workers are presently working for this organization. Three are performing as carpenter helpers and are insulating homes for the economically deprived. The other is responsible for maintenance in the headstart building.

The employment of Green Thumb youth workers in Coal County has helped immensely. It has provided income for the workers and has provided free labor for the employers.

It has reduced the unemployment rate. The unemployment rate of Coal County has ranked among the top three in the state for many, many years. The unemployment rate of Coal County is now probably lower than it has been for the past ten years. The Green Thumb youth employment is the prime factor.

We urge that the program be retained in this area. The loss of this program would greatly impair our operations and would cause a hardship upon this community and County.

Sincerely,

FR Smith
F. R. "Tony" Smith
Director

TS/ca

GREEN THUMB

YOUNG WORKERS PROGRAM COMPARISONS

SOUTH DAKOTA

	GREEN THUMB		STATE	
CATAGORY	9 Months Operation	One Year Operation	9 Months Operation	One Year Operation
# of Youth Served	286	327	179	217
# of Terminations	101	194	73	195
% Turn Over	35%	59%	40%	90%
Terminated for Employment	14	20	21	53
Other Positive Completions	38	96	11	65
Total Positive Terminations	52	116	32	118
Non-Positive Terminations	49	78	41	77
% of Enrollment Non-Positive Completions	17%	24%	23%	35%

Green Thumb Figures 1/1/79 to 9/30/79 and
1/1/79 to 12/31/79

State Figures 10/1/78 to 6/30/79 and
10/1/78 to 9/30/79

GREEN THUMB

YOUNG WORKERS PROGRAM COMPARISONS

OKLAHOMA

	GREEN THUMB		STATE	
CATAGORY	9 Months Operation	One Year Operation	9 Months Operation	One Year Operation
# of Youth Served	265	480	216	253
# of Terminations	64	93	122	253
% Turn Over	24%	19%	56%	100%
Terminated for Employment	11		20	27
Other Positive Completions	14		41	113
Total Positive Terminations	25	38	62	140
Non-Positive Terminations	39	55	60	111
% of Enrollment Non-Positive Completions	15%	11%	28%	44%

Green Thumb Figures	1/1/79 to 9/30/79 and 1/1/79 to 12/31/79
State Figures	10/1/78 to 6/30/79 and 10/1/78 to 9/30/79

Senator **Nelson**. Rabbi Lubinsky, go ahead.

Rabbi **Lubinsky**. I will try to help you as much as I can in terms of being brief. I will get right down to some of my observations about the various youth proposals, and particularly the administration's bill.

First of all, we ought to recognize that the best youth programs are those that have the greatest degree of flexibility. I do not think we ought to create a programmatic mode consisting of categorical programs.

Second, I think that the bills ought to recognize the need for servicing immigrant youth. They get just perfunctory mention now: language barrier. We cannot afford to teach them how to get public assistance in this country before we teach them how to work. There are serious problems of immigrant youth unemployment, as we found in our agency in dealing with thousands of newly arrived Russian Jewish immigrant youth who have the problem of culture shock as well as the problem of language.

Third, I think that we ought to make the youth programs so that they give more incentive for youth to succeed. I think stipends are good, but we also risk encouraging youngsters to enroll in such programs because of secondary concerns, and that ought to be tightened up in some way.

The role of the CBO in this particular area of youth is of extreme importance because very often the problems of youth are not just jobs. They are symptomatic of greater problems, and the legislation ought to include additional allowable activities, including juvenile delinquency prevention, health and psychological counseling, and other such services.

Next, I think that the 85 percent of Bureau of Labor Statistics lower living standard is becoming increasingly more unrealistic. We have already recognized that in the public service portion, where we have increased eligibility to 100 percent of BLS's lower living standard. In my community, Orthodox Jews, have considerably higher living costs than any other group in the country. A family of four living under the BLS poverty guidelines just could not exist physically. And this is now true amongst many other groups including some minorities who also say that the 85 percent just is not realistic anymore in 1980.

I would also like to address the 10-percent portion which we had in the YEDPA which was not adequately tested. CBO's certainly did not have an opportunity to test that 10 percent set aside with noneligibles. We ought to mandate that CBO's be included in the use of the 10 percent and we ought to consider going beyond the 10 percent for noneligible youth.

Next, the youth education and training program of the administration's bill seeks to reach the most disadvantaged youngsters. But I think we ought to recognize that we have done a great deal to try to address the dropout problem. There is a large number of youngsters in our system who are borderline cases who come from lower working class backgrounds. They are the ones who require the intervention most, and they ought to be found and addressed.

I also want to allude to the labor portion of the administration's bill, which has a 22-percent set-aside for education.

We are extremely concerned that this set aside does not carry with it the same type of assurances for private school participation that normally accompany such involvement of schools. It goes without saying that we should guarantee the proportional representation of our Nation's private schools. It is already there in the administration's education portion. There is no reason why it should not be in the employment part.

Mr. Chairman, for the sake of expediency, I have run through this and I hope the full testimony will be printed in the record.

Senator **Nelson**. Thank you. Your testimony will be printed in full in the record. I appreciate all of you taking the time to come here and give us the benefit of your views on this legislation. And, again, I regret that I have not been able to give you as much time as I know you would like. We will read the record nonetheless before we do any work on this bill, and we appreciate having your ideas and your views.

Thank you all very much.

[Statement of Rabbi Lubinsky follows:]

TESTIMONY OF RABBI MENACHEM LUBINSKY

BEFORE SENATE HUMAN RESOURCES SUB-COMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR

MARCH 13, 1980

I am Rabbi Menachem Lubinsky, the director of Government and Public Affairs for Agudath Israel of America, the broadest based Orthodox Jewish movement in the nation. I also serve as the director of Project COPE (Career Opportunities and Preparation for Employment), which is Agudath Israel's career guidance and job training agency. Mr. Chairman and members of the committee, I am indeed grateful to be given this opportunity to testify about a matter of great concern and interest to our organization on the various youth employment proposals as well as the job component of the Administration's welfare reform proposal.

Two years ago, I appeared before this committee when it deliberated on the reauthorization of CETA. I expressed my concern about the retargeting of CETA to the more seriously disadvantaged with the hope that CETA would in the end address those who are perpetually having difficulty entering the labor market. Naturally, youth should be a primary target of this effort and the relatively new involvement of education in this effort will, I believe, have a profound impact in our nation's attempt to come to grips with youthful unemployment.

As head of one of the largest CETA projects in the city of New York, I can say that the Youth Employment Demonstration Projects Act was a welcome addition to our program. It enabled us to focus attention on disadvantaged youth: to test specific models and to serve youth independent of our general CETA population. We were also unique in that of the nearly 30,000 applicants who sought assistance from our agency since 1975, at least 5,000 have been Russian Jewish immigrants, a good number of them young. To these youngsters, CETA was more than just job training and a job. It represents the first exposure to American culture. They received their initial language training and in general sought to overcome the cultural shock of their new environment. Were it not for their participation in the Youth Employment and Training Program, they would certainly be years away from getting their first real job. Based on our experiences and following a review of the various youth legislation now pending before the Congress, I would like to make the following observations:

1) For many years we were accustomed to categorical programs in employment and training. We developed designs that told the service agencies that they must serve their clients in one way or another. We designed programs that were either on-job-training or classroom training or public service employment, or any of the other familiar employment and training concepts. What we have learned through the youth employment project is that its success rests with its ability to be flexible. We have come to realize that by trying to fit youth with the programs at hand was counterproductive. We have seen that treating youth as a group and not as individuals simply means encouraging them to be part of a revolving door. I would prescribe to a program which allows for greater flexibility by the prime sponsor and in turn by the service agencies.

2) We must at this stage in our history recognize that the immigrant cannot be relegated to a secondary role. We have begun to deal with the migrant, but the immigrant only receives token mention in terms of their language barrier. We cannot afford to perpetuate ignorance and in effect create a new class of welfare clients in this country. We can't teach them how to get subsidies from the government before we teach them how to work.

That was part of a lesson that we learned as a result of our youth program. Immigrants require education up front and thus don't necessarily fit the CETA mold. We can't send them out on a job before we teach them about our language and culture. We can't expect them to work if they haven't been properly trained. Nor can we permit that this country should take advantage of them as a source of cheap labor, because in the end they will merely return on our unemployment roles. We ought to require special programs for immigrant youths in the new legislation.

3) The youth programs we are discussing must have more incentive for the youth to succeed. Stipends are good, but we also risk encouraging youngsters to enroll in such programs because of secondary concerns. We ought to seriously consider tightening up on stipend funds so that motives become more pure.

4) Speaking on behalf of a community based organization, which has successfully made use of youth employment funds, I can only say that prime sponsors ought to be encouraged to involve CBO's even more than they do now. When we deal with youth, it isn't enough to treat their job problems because they are often only symptomatic of greater social stress. Many CBO's are equipped to handle all of the complex problems of youth. Without proper guidance and counseling on the total needs of youth, job assistance turns out to be superficial at best. The unavailability of a job to youngsters is sometimes only a fraction of a problem. The legislation ought to encourage the participation of CBO's that provide a broad range of youth services over those that are more limited in their service approach. In fact, I would recommend that we add many allowable activities including juvenile delinquency prevention, preventive health and psychological counseling. While linkages are more common today than they ever were, they cannot replace the "one stop service" approach where the clients are youths.

5) While we agree with the general thrust of the various youth bills that the more disadvantaged youth in our society should receive priority, it has become increasingly unrealistic to restrict eligibility to people with income below 85% of the Bureau of Labor Statistic's lower living standard. By restricting eligibility to those youngsters we are in effect eliminating a large number of youth who, while not poverty stricken, are disadvantaged in every other respect. In the very least, the new legislation should raise the ceiling to 100% of the BLS's lower living standards. The Congress has recognized this in public service employment programs. If we are going to make any serious dent in the unemployment picture of our youth, this must be addressed. In my own community, this has particular relevance.

Orthodox Jews have higher living costs than other groups for such non-luxury items as kosher food and tuition to private schools. A family of four living under this definition could not exist in my community.

6) The Administration bill wisely introduces a concept which has already been attempted in the research component of our current legislation. It permits for 10% of those served to be above the eligibility level. I submit that this approach has not been properly tested. CBO's were not given the flexibility of even demonstrating that similar approaches used on eligibles and non-eligibles could bring interesting results. Now when we are discussing the 10% in terms of implementation rather than knowledge development, it is essential that we require the prime sponsors to use this 10% effectively, and to involve the service agencies as part of this effort. We would be making a grave mistake if we did not at least serve some of our more "disadvantaged" youngsters from a social, educational and cultural point of view and whose only ineligiblity is due to income.

7) For the first time, the Congress is considering a proposed $1 billion "Youth Education and Training Program." In the Administration's design we are seeking to reach the more disadvantaged youngsters in our schools, but we should recognize that we have over the years addressed many different programs toward them with the goal being heading off dropping out of school and they have not been as successful as we would have liked. By pumping all this money in that direction once again, we are still not assured of a success. Where we might be successful is with those youngsters from working class backgrounds whose future does not automatically point to illiteracy, crime, drugs and life out of school. But because of the formula that is being proposed it is very likely that these so-called "marginal" students who desperately require this kind of intervention will be omitted. We ought to make a conscientious effort to serve them in poor school districts and even to find them when they are not necessarily in schools that happen to be located in our nation's poorer neighborhoods.

8) The Administration youth proposal continues the current feature of a set-aside of 22% for education in the Labor section. We are extremely concerned that this set-aside does not carry with it the same type of assurances for private school participation that normally accompanies such involvement of the schools. It goes without saying that we should guarantee the proportional representation of our nation's private schools in this program. While there is a section on private school participation on the education part, it does not exist in the labor part. Being logical in our approach towards employment programs also requires that we are fair.

While many of the concepts discussed could readily apply to welfare reform as well, I just want to briefly support the overall concept of welfare reform. It is my feeling that the jobs component of the welfare reform should be linked unequivocally with the welfare system. We cannot afford to have two separate systems with regard to welfare. At the same time, we should make every effort to extend the welfare reform to people who may be eligible for welfare and are not necessarily receiving the assistance. It is of paramount importance to head off potential welfare clients even before they reach the stage of processing.

I believe that the youth proposals make a great deal of sense, but they ought to be in greater conformity with reality. Increasing the paperwork will not necessarily make for better programming. In fact, we ought to do everything possible to reduce the paperwork and to permit agencies to devote more of their time to actual services. When talking about youth unemployment, we are dealing with a constant problem. It is impossible to eradicate youth unemployment completely, since naturally new groups will continue to emerge. Thus, our focus must be at dealing with this problem on a regular basis as rationally and as practically as possible.

Thank you.

Senator **Nelson**. Our final panel is Mr. Gregory Humphrey, director of legislation, American Federation of Teachers; Gene Bottoms, executive director of American Vocational Association; and Dale Lestina, legislative specialist, National Education Association.

If you folks would identify yourselves for the reporter and then your statements will be printed in full in the record. You may go ahead and proceed.

STATEMENT OF GREGORY HUMPHREY, DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF TEACHERS; GENE BOTTOMS, EXECUTIVE DIRECTOR, AMERICAN VOCATIONAL ASSOCIATION; AND DALE LESTINA, LEGISLATIVE SPECIALIST, NATIONAL EDUCATION ASSOCIATION

Mr. **Humphrey**. Thank you, Mr. Chairman. My name is Gregory Humphrey. I am the director of legislation, AFT. I am here representing AFT president, Albert Shanker, who was not able to make it today, but whose statement I will read from and ask that it be included in the record.

Under the time constraints, I just want to highlight what we consider to be the most important elements of the bills that you are considering.

We welcome, the new direction that the administration bill charts and the emphasis on involving our system of education to a much greater extent as a mechanism to help solve some of the problems associated with youth unemployment.

It is clear to anyone who wants to examine the issues that public education offers one virtue that none of the other mechanisms that you considered before can possibly achieve; that is, that the public school system, with a well thought-out plan can begin to reach potential dropouts earlier——

Senator **Nelson**. Can, did you say?

Mr. **Humphrey**. Yes; can begin to reach potential dropouts earlier than any other system or mechanism that this committee has discussed.

We can talk about the viability of trying to return dropouts to schools, and I do not believe it is a totally clear picture. We can examine the usefulness of programs that attempt to round up students who have already dropped out and put them into remedial programs. But the one thing that the public schools can do with the proper support, is to begin to reach kids in junior high school and early high school ages. Early intervention is a concept that the Congress generally has supported since 1965 and the Elementary and Secondary Education Act.

Unfortunately, because the funds for that program have been so severely limited over time with vetos, impoundments, and other methods of holding back money, the Elementary and Secondary Education Act has never really gotten out of the elementary school. It has been concentrated in most areas on the first four grades. Most educators support putting the maximum number of dollars where they will do the most good. And those, as far as most educators and researchers are concerned are in the early years.

We view this initiative by the administration as an attempt to expand those types of title I services which studies hold to be very valuable to young children; into the junior high and into the earlier years of high school.

That methodology of reaching the child as young as possible and beginning to deal with the problems the child has, educational and otherwise, in the long run holds the greatest promise, for success combating in this problem.

We have looked at many of the bills that are before this committee. The administration bill is one that we have examined most closely. It has one flaw in it, that I believe is salvagable through a mechanism contained in one of the other bills, that is the Javits bill.

There is no way of guaranteeing, in the administration bill, that the streams of funds as they come out to the local education agency and to the CETA prime sponsors will ever be used in a coordinated way. There are councils for that purpose, but when you have 450 prime sponsors and almost 4,000 local education agencies involved in this, it is simply a geographic accident in many cases when they are able to work out a cooperative arrangement, to work for the best interests of the student.

We believe that the Javits bill, S. 2218, which expands on the youth employment side of the so-called 22 percent set-aside will require that kind of cooperation for an effective operation in both title I and title II of the bills. We want to endorse that concept today.

We also believe that the concepts of the Javits bill of attempting to provide employability rather than work experience, of attempting to make students employable and not just give them temporary work experience, in temporary public service jobs. These jobs are extremely vulnerable as the current budget situation, which speaks more clearly to that than anything I could ever say proves. Extremely vulnerable, and at the whim of the pressures on the budget, these programs continue or are abandoned But if you can create the kind of program that provides additional education and employability skills, as we think the Javits approach does, then you have provided the youngster with something to take out of the program outside of a short work history and a few extra dollars to his family, the value of which we do not dispute. The long range value of this appraoch however, is highly problematical.

And I want to say one more thing, being a labor representative here, the first panel spent a great deal of time advocating the subminimum wage. And I think I would be remiss if I did not take the opportunity to say that every time the minimum wage bill itself has been considered, as you know very well, this argument arises, and we are faced with an attempt to establish yet another erosion in the Fair Labor Standards Act on the theory that a subminimum wage somehow will provide increased employment opportunities for young people.

There is no evidence that supports this contention. There is on the books right now a provision for wage differentials for students and young people, that any employer can avail themselves of; but the availability of that differential somehow never satisfies these folks.

I simply want to state that in an economy that is about to face a policy of heavy unemployment as a solution to inflation, to create incentives to hire young people and at the same time adults, probably their fathers and mothers are being laid off, is cockeyed economics and it is certainly nothing this Congress should endorse.

Thank you, Mr. Chairman very much. I will conclude on that.

[The prepared statement of Mr. Humphrey follows:]

TESTIMONY OF
GREGORY HUMPHREY, DIRECTOR OF LEGISLATION
AMERICAN FEDERATION OF TEACHERS, AFL-CIO
BEFORE THE SUBCOMMITTEE ON EMPLOYMENT, POVERTY & MIGRATORY LABOR
REGARDING PROPOSED YOUTH EMPLOYMENT AND TRAINING LEGISLATION
March 13, 1980

Mr. Chairman and Members of the Subcommittee:

The American Federation of Teachers, AFL-CIO, welcomes the opportunity to testify on proposed youth employment and training legislation. The AFT represents over 550,000 education and health personnel who are vitally concerned with the chronic inability of many of our young people to secure meaningful work. The fact that so many bills have been introduced by Members of the Committee attests to your interest in and determination to solve this critical problem. The Administration has also taken the initiative and proposed a new program designed to begin the task of eliminating the root causes of this problem.

The AFT believes that efforts to this date have addressed the symptoms of the problem and not the root causes. The real problem we must solve is how can we best equip young people to compete for jobs in our society. Previous efforts have concentrated on temporary jobs and work experience. In my view, however, the new direction taken by the Administration of emphasizing education and the public school system as major factors in any new program holds the greatest promise for success. Other attempts to deal with this problem have resulted in a mixed bag of results. While I do not underestimate the short-term value of income and work experience that has been gained by young people served through the existing legislation, it is fair to say that a program so heavily reliant on temporary public service jobs funded with tax money is not a viable long-term solution. One needs only to examine the recent history of CETA and its increasingly vulnerable status to acknowledge the truth of this assertion. When the budget gets tight and reductions in spending without regard to real consequences become concensus policy it is clear that youngsters need to take more away from this program than a few dollars and a short history of employment.

It is well-known that today large proportions of our young people are faced with unemployment. This is particularly true for urban disadvantaged youth, especially minorities. In 1978 the unemployment rate among 16-19 year olds was 26% in Chicago; 34% in Detroit; 25.6% in Philadelphia; and, 25.5% in New York City. In the last quarter of 1979 teenage unemployment in New York City was 34.1% up nearly 99% from the previous year.

We also know that the causes of this grim picture are multiple. An economy in a recession has generally high unemployment rates, and when unemployment is high, youth employment is always disproportionately higher. Current attempts to slow inflation through ever higher interest rates and meat axe cuts in job programs will add to this problem. At least some of today's high youth employment is caused by the fact that there are simply more youth, the sons and daughters of the post-war baby boom generation, who are faced with a labor market in which entry level jobs are shrinking. These causes are relavant and policies must be designed to address them. But, the most immediate task before us is to insure that whatever the economic situation; whatever the relationship between demographics and labor market characteristics, all youth possess the education and the skills that will enable them to compete for a job.

Despite what some may tell you, education is, and will continue to be a crucial factor in the ability of a young person to secure employment. Consider the following items:

*For men and women of all ages high school dropouts are 2 to 3 times as likely to be unemployed as high school graduates.

*Employability and income are enhanced by every year of additional schooling, according to recent studies (Christopher Jencks, Who Gets Ahead).

*The tighter the job market, the more employers tend to screen job applicants in terms of a high school diploma.

*Recent studies show that basic skills are the first priority of most employers in selecting applicants.

But, it is not enough to look only at crude facts that demonstrate the importance of education to employment. It is also essential to look at these facts in terms of projected trends and in terms of characteristics of the youth population we are trying to help. We know, for example, that the Bureau of Labor Statistics predicts that the demand for white collar workers who need skills will rise faster than the demand for unskilled workers. We also know that the American labor force is remarkably mobile and that the ability to change jobs successfully is enhanced by higher education skills. One study find 36% of the adult working population is either in work transition or anticipating one.

The question of how low-income, low-skilled uneducated youth will fare given this picture is easily answered--not very well. Three out of four low-income youth are below average in basic skills achievement. It is clear that education is what they need more than anything else.

I appeared at a hearing of the House Subcommittee on Elementary, Secondary and Vocational Education two weeks ago. We offered a detailed analysis of the Administration education initiative. I would be pleased to supply that statement for Members of this Committee. I would also like to reaffirm the importance of that initiative. While all of us may disagree on the details of that proposal, the urgency of establishing an educational program to help unemployable youth achieve basic skills is undisputed.

I would like to concentrate now on the features of the new program administered through the Labor Department because success is dependent upon a more workable relationship between schools and prime sponsors. The Administration proposal leaves us with questions as to how these relationships will actually develop and what the true relationship will be. The definition in the Administration proposal of "in-school" and "school-aged" youth seems to be used in a way that makes it unclear as to whether young people will be served by the schools or through some alternative system of education. There should be a presumption that the public schools be the agency of choice when it comes to providing educational services to young people under the age of 18. The Administration proposal permits the use of alternative delivery systems to those youth over the minimum age for leaving school which in many states is 16. When the AFT testified before this Committee in 1977 we urged that this program not become a magnet to draw young people out of school. It is my belief that only by restricting such services to those young people over the age of 18 can we be sure that the schools are not undermined by a temporarily attractive setting offering stipends as an incentive to education outside the public schools. We also believe that stipends should be restricted to those who are pursuing a GED.

S.2218 as introduced by Senator Javits is superior in most respects to other bills on this subject. Some melding of this bill with the Administration bill would probably be the best solution to youth employment problems. S.2218 emphasizes that employability rather than work experience is the ultimate goal. It emphasizes programs in remedial education, skill training, good work habits and attitude, and career-oriented employment experiences in the public and private sector along with supportive services.

The bill emphasizes local partnerships between all agencies and private organizations concerned with solutions to the problem. While this problem is national in scope, many solutions can be found on the local level. Third, this bill calls for strengthening the bridges between the classroom and the workplace forged under the so-called, "22% set aside to reward CETA/LEA education to work transition programs. The bill also targets youth employment programs to those areas with the greatest need. Finally, S.2218 affects major consolidation of Title IV-Youth Programs, a necessity in any bill that attempts to make these programs work more effectively for our young people.

The major emphasis of S.2218 is the development of programs that result in graduates who can compete for jobs. The National Commission for Employment Policy states, "The major objective of federal education training and employment programs for youth should be to improve the long-term employability of these youth, that is, their basic education, work habits, ability to absorb new skills on the job and other competencies which will permit successful integration into the regular work force."

S.2218 is on balance a solid measure, well-thought out and strategically capable of addressing the real issues in youth employment.

It utilizes the resources and expertise of our local education agencies and will result in less duplication. No other bill before this Committee so strongly emphasizes the need for cooperation between the CETA system and the local education agency. No other bill requires the participation of the LEA in the educational aspects of the prime sponsors employment services.

The Administration bill contains many provisions which lead us to the conclusion that LEA-prime sponsor cooperation will not be as effective as S.2218. For example, the Education Cooperation Incentive Grants funds are limited to cover only part of the total costs of programs carried out in cooperation with LEA's. Such restrictions do not apply to programs carried out by C.B.O.'s. Further, funds to LEA's shall not be used to provide basic education while funds to C.B.O.'s may include classroom training leading to a high school equivalency certificate. We believe that education is the responsibility of the local agency established for that purpose. There seems to be a presumption in the Administration bill that local education agencies are not as trustworthy as other recipients of funds. As an example of this viewpoint, I offer as evidence a chart attached to this testimony as an appendix that compares prime-sponsor requirements with the requirements for local education agencies. It is clear that prime sponsors and LEA's are not held in equally high regard.

We believe that equal requirements should be enforced for LEA's and for prime sponsors.

One of the major difficulties in assessing the effectiveness of education programs in relationship to programs run by other agencies is the lack of an adequate data base for comparison between the two. The consequences of such a lack of data shows up in at least one bill before this Committee S.2286 by Senators Schweiker and Randolph. This bill which the AFT opposes is based upon an assumption that many seem to hold but none can document. I quote from a statement by Senator Schweiker, " The conditions in many of our high schools today are appalling. Learning and training are almost nonexistent as teachers and school administrators struggle to maintain order within the school walls. Many students are completely apathetic and turned off--they have little hope for the future and no confidence in their ability to participate successfully in almost any activity. Many of these young adults drop out of school at the first opportunity." While this is a dramatic statement is has the unfortunate consequence of tarring a public institution with a very broad brush and to offer as a solution a program about which almost nothing is known. These type of programs while they may achieve impressive surface statistics have little comparison to a high school. High schools must serve all who show up as students. The programs urged in this bill can select their students. Public schools have virtually no ability to impose discipline beyond the walls of the school, CBO programs often utilize rigid discipline based upon attendance, attitudinal habits and other intangibles.

Young people with handicaps, disruptive behavior, language difficulty and other problems all must be served in the schools but not by CBO's. Rather than pass a bill which would build a system designed to drain resources away from the public schools we prefer the approach in the Javit's bill which would back up school programs with support service from CBO's designed to encourage and create a cooperative relationship between LEA's, prime sponsors and CBO's with the student as the major beneficiary.

The AFT supports with some reservations the Administration's education initiatives, we believe that this proposal with some of the features of S.2218 represents the best hope for a workable program which can successfully attack the Youth Employment problem.
Thank you.

ACCOUNTABILITY, AND ENFORCEMENT
AND
DATA COLLECTION

TITLE I--YOUTH EDUCATION & TRAINING	TITLE II--YOUTH EMPLOYMENT & TRAINING
Federal Level	**Federal Level**
1) Criteria for individual school plans outlined in federal legislation 2) provisions in GEPA modified to remove discretion in the withholding of funds, i.e.: fund withholding becomes mandatory	1) Secretary of Labor will establish prime sponsor performance standards based on job placement, job retention, return to school, program management suitable to the purposes of various programs. These standards will be revised annually depending on changing performance and knowledge. 2) Secretary of Labor may award incentive grants for special purpose objectives. Renewal of funding is conditional on "acceptable performance" and "attainment of agreed upon goals."
State Level	**State Level**
1) State submits set of assurances to Secretary on intent to comply with the law. 2) State submits plan to Secretary of Education specifying provisions for monitoring and enforcement. These are legislatively designated to include: a) specific numbers of site visits; b) elements considered in monitoring; c) provisions used in complying with enforcement provisions of GEPA in withholding or suspending funds; d) division of responsibility between SEA and state vocational education agency, where applicable; e) review and approval by governor. 3) SEA review (monitoring and enforcement) of LEA efforts with school programs.	1) In instances where the state acts as a prime sponsor, the provisions listed below under prime sponsor are applicable.

4) SEA data collection from LEA's on:
   a) absenteeism rates;
   b) dropout rates;
   c) achievement benchmarks specific timing suggested for when each type of data should be collected.

5) SEA corrective action required

6) State submits summary analysis of data to Secretary of Education.

Local Level

1) LEA must judge school plans according to federally designed criteria and performance standards relating to basic skills achievement, dropout rates, success in eliminating discrimination barriers to employment and the relationship of the school to private sector and prime sponsor. Specifics legislatively designated with regard to:
   a) renewal of school funding;
   b) the use of short-term or long-term goals;
   c) insistence that a school reconsider its instructional program.

2) LEA must ensure school plans have major and sustaining effect on achievement, retention, and employment opportunities.

3) LEA must ensure compliance on
   a) school selection
   b) indentification of most needy students and provision of extra services to them including record-keeping of same;

Prime Sponsor Level

1) Programs must be "well-designed" and "well supervised" focusing on basic and occupational skills.

2) Provisions must:
   a) establish locally developed benchmarks on progress and competencies;
   b) establish performance standards on "in-puts" such as supervision;
   c) assure a sequence of services in progression;
   d) compile individual achievement records.

c) maintenance of fiscal effort;
d) guarantee of school-level comparability on basic services;
e) guarantee of non-supplanting of special federal, state and local program funds;
f) that racial and linguistic composition of schools selected is reflective of district's needy student population.

4) Ensuring coordination with prime sponsors and private industry.

Senator NELSON. Thank you.

Mr. BOTTOMS. Mr. Chairman, I am Gene Bottoms, executive director of the American Vocational Association. I have with me this morning Mr. Gene Lehrmann who is from your home State. He is very experienced in the vocational training program at the State and local level, and if there are questions, he will assist me in answering those questions.

I know that you have had a long history of interest in vocational education, and we are very appreciative of that, and we are very appreciative to see the interest of several members of the committee in their bills on youth legislation.

We urge the committee, as you look at new youth legislation to look at a comprehensive approach, and we think there are several elements of a comprehensive approach in the administration's bill, and these are some of the ideas that we have been pushing for sometime.

We see in the administration's bill an emphasis not only on jobs, but on education. Also, in the administration bill we see on the education side an emphasis on both the basic skills and employment, which seem to me to be critical if we are to raise the production capacity of these youth so they can move in a stable private sector job.

We see the administration bill moving beyond just trying to create a vacuum to place these youth in for a period of time. We see a preventive strategy. We see a cure focus for the out of school youth, to equip those out of school unemployed youth more stable employment.

And we see an opportunity for an expansion of cooperative VocEd kinds of programs that link on the job learning with in school learning. And we think that is going to be the most successful kind of program with many of the youth.

We see as part of this bill a merging of a State, local, Federal partnership, not only education but the private sector and community-based organizations to try to develop the capacity in local depressed communities to develop their people. So we are very supportive of the administration's bill. There are certainly improvements we see, but we think the focusing on depressed communities particularly will be very helpful. If you will look on page 20 of my written testimony, you will find a page there that shows that an inner city with over 500,000 people in this country, you have something like 10 to 12 percent of the vocational training stations, but yet 22 percent of the people are there. One can immediately ask why does not the VocEd community put training stations there.

The Federal investment in VocEd since 1972 will purchase $55 million less today than i[illegible]ould in 1972, based on 1967 constant dollar figures. The total investments, State, local, and Federal, and students enrolled in VocEd amounts to just a little over $300. But I submit to you, if you can expand the capacity of these local communities to develop their youth, it seems to me this is a beginning first step to target in on those communities, we can, in fact, reduce the flow of young people into an unemployment pool. We may, in fact, be able to reduce the outflow of jobs from some of the inner city communities.

Some of our major cities have lost half of their manufacturing jobs in the last decade. If the Federal Government in the early seventies had created something similar to Appalachia, to help inner city communities develop their capacity to develop their people, we may be here today seeing a different situation in the inner cities. And I would urge you to consider that particular aspect.

There are other parts of the bill that are very appropriate, but in making a case that VocEd can do something constructive with disadvantaged youth, I would also ask you to look at page 9 of our written testimony, a most recent survey of 2,000 adults in this country, a sample national survey, in which 36 percent of these adults said they had had vocational education. And I would ask you to note that non-high-school graduates who had had vocational education where the prime wage earner in the family had had vocational education, there is a $2,500 difference between the income of those families and families where the primary wage earner had not had vocational education. And if you look for each level of education beyond that point up, high school, 2 years of college, you will find over $1,000 difference in the family income of families where the primary wage earner for that family had had vocational education.

This is part of a study just completed by the Ohio center in terms of looking at 2,000 adults nationally on a random public opinion approach basis.

Then there are certain items in the act that I would just raise for improvement.

In title I, there is just not enough connection to vocational education in sections 412, 413, and 418. We will provide to you some particular recommendations on that. And, second, in terms of the LEA definition, of the 22 percent set-aside of the existing legislation, the LEA definition has been a very restrictive one, and it has denied participation of many vocational education institutions that deliver vocational education because they do not come under the definition of LEA the way it was defined in that legislation.

Third, the emphasis on work experience is great in the legislation, but we would urge you to write some standards in for work experience, that they be structured for some on the job learning linked back to related instruction.

In title I, particularly, 17 States, including the State of Wisconsin, have very successful programs for 14- and 15-year-olds; it is one where the Department of Labor has approved the VocEd system to work for this. This is a program for the kids that everybody feel will never finish high school. It is a combination of on the job learning, linked back into school. And we would urge that title I be revised in the administration bill so that stipends could be provided these 14- and 15-year-olds who are in this kind of approved program.

And then my fourth point in terms of stipends for work experience, I would again urge linking that back to education. Then I would urge linkage to the VocEd law. In the VocEd law there are some certain set-aside funds for serving disadvantaged youth. To pay the excess cost of disadvantaged youth, if it cost $10 to serve a regular youth in VocEd, $2 more to serve a disadvantaged youth, under that law, the local systems are putting up now the $10, but they are also having to put up one of the $2 for excess costs.

Some of your local districts in your home State have refused to take these dollars because they cannot match the excess costs.

This is one way where title I could match over to the disadvantaged section in VocEd and create a greater tie between title I and VocEd.

Two last points: Job tax credit that was mentioned earlier. We worked with the appropriate Members of the Senate and the House in getting built into that original legislation the provision that 16-, 17- and 18-year-old youth could participate in that program if they were under an approved co-op VocEd program.

I believe if you will check the records on the number of folks certified, you will find that by and large over 75 percent of the folks who have been certified are under that co-op VocEd model. It is a very successful program. It has enabled us to work with small businesses to place students in good training stations. It is the approach that is most likely to work in America. It is a small business approach. It is one adult VocEd coordinator going out and knocking on the door of an industry, talking to his accountant and say, "If you will fill out this form, you can get this job tax credit and working with a foreman in a shop to set up a decent training station for 25 kids who wouldn't get that experience."

Through title II of the President's Youth Initiative we feel that we will have resources to add, to expand the kinds of co-op coordinators who can work with these disadvantaged youth over time.

As I look at all the successful programs working with disadvantaged youth, one of the elements I find, I find an adult who is a constant figure in the lives of these disadvantaged kids over time, find school, home and community together, and who are willing to go the extra mile; and it seems to me that the co-op program and certain derivations of that have certain potential.

My last point.

As you think about the private sector title VII of the act, we have been working with several of the picks, I would like to encourage you to take a look at what some States are doing with State funds in VocEd to deliver customized vocational training to new and expanding industry, for VocEd has been a major ingredient for economic development in those States.

We need to connect that title VI to the VocEd Act and capacitate some of our States that are not doing that so that as you begin to look at the job needs in a depressed community, you will have the VocEd capacity to do customized, quick-start training for the unique needs of that industry.

There are about 8 or 10 States in this country who will train workers specified for the company's need as they specify them at no cost to those small companies. We forget that most new jobs in this country come from small companies and they don't have training directors. You have got to have a public delivery system.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Bottoms follows:]

STATEMENT

OF

DR. GENE BOTTOMS

EXECUTIVE DIRECTOR

AMERICAN VOCATIONAL ASSOCIATION

BEFORE THE

SENATE SUBCOMMITTEE ON

EMPLOYMENT, POVERTY AND MIGRATORY LABOR

CHAIRMAN

HONORABLE GAYLORD NELSON

MARCH 13, 1980

Mr. Chairman and Members of the Subcommittee,

The American Vocational Association (AVA) has a commitment to the educationally and economically disadvantaged youth of this nation. The members of AVA in all states and communities are seeking an opportunity to reduce the high incidence of youth unemployment through quality vocational education and to build more effective partnerships between education and the community.

Mr. Chairman, we in AVA know of your long standing interest in vocational education and the close working relationships you have with the vocational educators in your state. We express appreciation to you and the members of the subcommittee for your support.

As you consider the proposed Youth Act of 1980 (S - 2385) we offer assistance to do whatever is in the scope of our association to encourage the enactment of the concepts in this legislation. Also, Mr. Chairman, we are aware of other bills before this subcommittee addressing youth employment (S-1129, S2021, S-2218 and S-2286). We commend the interest of those who have introduced the bills, however, we encourage the subcommittee to seek a comprehensive approach to resolving the problems of youth unemployment. This approach will enhance not only the employment of youth but also provide for an educational component that will assist their personal development and strengthen their future working life.

On June 26, 1979, AVA testified before the House Subcommittee on Employment Opportunities. At that time, AVA called for comprehensive legislation to address the youth employment problem. Specifically we recommended that:

1. The public service jobs focus within the Youth Title of the Comprehenisve Employment and Training Act (CETA) be coupled with an equal focus on the educational development of disadvantaged youth to give them the proper preparation to become productive workers in our society;
2. The legislation have as its basic intent the development of the productive capacity of disadvantaged youth through education focusing on both basic and employment skills.

3. The new youth initiative legislation include both a preventive and cure focus to meet the needs of in-school and out-of-school disadvantaged youth;

4. The legislation be designed to aid states and local communities in institutionalizing a pattern of on-the-job learning and related instruction aimed at helping disadvantaged youth obtain stable employment;

5. The legislation create a true partnership at the local level among education, CETA and the other acommunity organizations in planning and operating programs to serve youth.

The Administration is to be commended for sending to Congress the Youth Employment and Training Act of 1980 that incorporates most of these concepts. The Administration's proposal outlines a comprehensive effort to connect education, the CETA system and the community together in programs for disadvantaged youth. These linkages, which will provide jobs, basic education skills, employment skills and supportive services will strengthen the capacity of states and local communities to help themselves. Working together within the community, the public and the private employment sector will be able to expand their efforts, coordinate their activities and reach more people in need.

One of the most important facets of the Administration's proposal is its signal to the education community that it is in the national interest to make American education more effective in preparing and assisting disadvantaged youth to move from school to work. The resources from this new legislation will hlep to build the capacity of local agencies and institutions to create a true bridge between school and work.

The Youth Initiative recognizes that vocational education is an important component of the American education system and that it provides vital assistance to disadvantaged youth in obtaining stable jobs. The initiative embraces a concept that we in vocational education have held for decades: that education cannot serve the disadvantaged, unemployed youth of this nation without a concerted, cooperative effort on the parts of both vocational and academic educators.

In addition, Mr. Chairman, there are specific concepts both in the Administration's initiative and in S-2385 that we support:

1. Grants to state and local education agencies for basic skills education;

2. Allocation of at least 25 percent of the funds to vocational education employment skills development;

3. Local and state planning efforts to link the educational program to the community;

4. The use of existing resources to link these new efforts to the total education program;

5. The local and state decision-making authority and the flexibility to be creative;

6. The idea that out-of-school youth, as well as in-school youth, must be provided with opportunities to become better educated and employable in stable jobs.

While AVA is supportive of the Administraiton's proposal and the Youth Act of 1980 (S-2385) introduced by Senator Williams, Senator Pell and Senator Randolph, we will make the case that some improvements are needed to further: a) the potentail of vocational education to make its unique contribution toward moving disadvantaged youth into stable jobs; b) the assurance that quality programs will be developed; c) collaboration and communication between education and the prime sponsor and between the Youth Initiative and the existing Vocational Education Law.

The AVA recommendations, while based upon the Administration's document, are addressing concept and should apply to whatever legislation the subcommittee will address.

RECOMMENDATIONS FOR IMPROVING THE YOUTH ACT OF 1980, S-2385

For vocational education to be a full fledged partner in a comprehensive youth employment effort involving general education, the prime sponsor, and vocational education, some improvements are needed in the Administraion's proposal.

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The consideration of the subcommittee is requested for the following:

(1) The purpose of Title I of S-2385 which is to provide training and employment programs for eligible youth to assist them in obtaining job opportunities and to improve their opportunities for future employment and increased earnings is commendable. While we agree with the purpose , we feel that the task of providing youth training progrms is one that must actively involve vocational education in the delivery of services. We urge this subcommittee to make sure that, during the passage of new youth legislation, the partnership between vocational education, the CETA prime sponsor and the private sector be firmly set in place. The Prime Sponsors Basic Programs (Section 412), the Equal Chance Supplements (Section 413), and the Governors Special Statewide Youth Services Program (Section 418) all call for strong emphasis on education and training programs. No mention is made as to who will provide these services other than the prime sponsor. The vocational education component is not evident and the necessity to link with the vocational education community is not clear.

(2) Many of the youth targeted by the Youth Initiative are structurally unemployed. They lack basic academic skills as well as job skills. The provision of only one remedy will not solve their employment problems. Vocational education programs must be actively involved with the rest of education in the provision of the education component. We have found in our observations that these youth cannot move from public service jobs to jobs in the private sector unless they are given an educational boost. The subcommittee should note that the Education Cooperation Incentive Grants as contained in S-2385 will not provide for utilization of the total resources in vocational education. There is a lack of recognition for the complexity of vocational education and the term "local education agency" is used as the agency to make agreements with the prime sponsor. Many postsecondary vocational education programs occur in institutions that have no administra-

tive lines to the local education agency. If the total education program is to be developed for all youth, flexibility at the local level to work through all educational institutions and agencies must be maintained.

(3) It is imperative to initiate both a jobs program funded under CETA and a targeted educational program funded under education if the problems of youth are to be resolved. This combination will make the job experience an effecitve learning experience and will provide individuals with the necessary related basic education and specific job skills necessary to become a productive worker in America.

(4) In no way can or should the vocational education community seek to resolve the problems of youth alone. The concepts we support and the proposals we make have, as the very core, collaboration between education, the employment and training sector, government, community-based organizations, business and industry and organized labor, and the lay citizens.

It is, however, important to note the unique contriubtion that vocational education can make to the disadvantaged, unemployed youth:

> It will allow these youth to connect school and work over a period of time.
>
> Vocational education will provide skill training in occupational areas for which demand exists and in which these youth can then be employed.
>
> Vocational education can meet unique and individual student needs through specially tailored programs.
>
> Vocational education can help to develop, conduct and administer programs in cooperation with other educational areas and outside agencies that can be tailor-made to these youth.

In addition, there are other specific recommendations that could be considered by this subcommittee prior to passage of the Youth Initiative. These specific recommendations are contained in the following pages.

RECOMMENDED CHANGES IN TITLE I & II

Specific Standards for Work Experience Programs

In both Title I and II of the proposal, work experience is treated in a casual manner. Work experience may or may not be appropriate for disadvantaged youth. Work experience that is unsupervised, and not a part of an instructional program, may often teach the wrong skills. Isabel Sawhill (1979) finds that "premature placement of young people in unstructured jobs or work experience programs may lead to personal failure, to the learning of bad work habits and to disappointed expectations on the part of youth themselves and their employers."

On the other hand, a school-managed work experience program can be a useful instructional technique if it contains the essential elements for learning.

The Youth Employment and Training Act should set forth some minimum standards for work experience. Work experience must be purposefully planned and connected with related in-school learning toward the ultimate end of making youth employable in a stable job. This is more likely to occur if the following standards are required for all work experience programs:

1. A written, cooperative agreement between the employer, the school and the students.
2. Participation in an academic course and related vocational instruction coupled with the work experience program.
3. Work experiences should be planned and supervised jointly by the school and employers.

AVA recommends that eligible youth be provided with school-managed work-site learning as a part of the educational process. These programs should be structured to facilitate the education and employability of the student and should be a coordinated effort of the community and education.

Recommended Changes in Title I

Within Title I we recommend six additional changes as follows:

1. Fourteen and fifteen year old disadvantaged youth should be eligible for public service job stipends if they are enrolled in an approved Work Experience Career Exploration Program (WECEP). This will provide for the expansion of a very successful program.
2. All youth receiving public service job stipends should be required to enroll in a related education program, following the criteria set forth in our recommendation concerning all work experience programs. This will assure that disadvantaged youth get both the job experience and the education needed for stable, private sector employment.
3. Students enrolled in postsecondary employment skills programs should be eligible for stipends. Such youth often need financial support to remain in school.
4. Recipients of funds under the new youth law should be allowed to use these funds to meet the matching requirements under Section 110 A-B of the Vocational Education Act of 1976 (PL 94-482). This will facilitate the development of joint CETA/vocational education programs and will provide for equal treatment of disadvantaged youth under all legislation.
5. Title I funds should be allowed for stipends to support vocational education students who meet the definitions of "disadvantaged" and "handicapped" cited in the Vocational Education Act of 1976.
6. Title I should specify that employment skills preparation is an acceptable use of CETA funds.

Recommended Changes in Title II

Within Title II we recommend a number of changes as follows:

(1) Use of funds. Clarification is required concerning several requirements regarding the use of funds, including:

a) That a 75 percent set-aside of the basic and supplemental formula funds can be used for both basic skills and employment skills at the discretion of local education agencies and that a 25 percent set-aside for the basic and supplemental formula funds must be used only for employment skills programs. This will assure that at least 25 percent of the funds are expended for the purposes of employment skill development of disadvantaged youth.

b) That local systems are encouraged to use 50 percent of the 75 percent set-aside of the basic and supplemental formula for grades seven, eight and nine. As the legislation's specifications are written, it could be interpreted that 50 percent of the entire amount must be used for grades seven through nine which seriously limits efforts to return out-of-school youth to the secondary school.

c) Indicate that the planning grant of $50 million will assure a focus on and involvement of vocational education. This clarification is needed to assure that a plan emerges at the local level that relates basic skills and employment skills instruction.

(2) Definition of Employment Skills Instruction. This instruction should be defined as organized educational programs which are directly related to the preparation of individuals for paid or unpaid employment, or for additional preparation for a career requiring other than a baccalaureate or advanced degree, or instruction related to the occupation(s) for which the students are in training or instruction necessary for the student to benefit from such training, or instruction to aid individuals in making a career choice and other instruction needed by the individual to aid in seeking, holding and preparing for ajob.

(3) Out-of-School Youth. The limitation of a maximum of 30 percent set-aside for out-of-school youth should be removed. The State Board of Vocational Education should be allowed to decide how much of the 25 percent set-aside under the basic and supplemental formula will be used for out-of-school youth. This gives greater flexibility to the states in the use of federal dollars to meet their greatest needs. The State Board of Vocational Education should also be allowed to mount employment skills programs for out-of-school disadvantaged youth up to age 21. This makes Title I and II consistent and assures that vocational education training stations will be made available to serve all unemployed disadvantaged youth.

(4) Purposes of Employment Skills Funds. The following purposes of employment skills funds should be specified in Title II.

a) The preparation of individualized education and employability plans that include vocational education and related services needed by the individuals to achieve their career goals.

b) Provision of institution-based vocational education and training necessary to enable participants to meet their education and training goals.

c) Provisions to improve institutional capacity to provide transitional vocational education services and training.

d) Provision of cooperative education, or other innovative approaches to supervised job experience, on-the-job training, work experience or career exploration under the school's in-school instructions as a part of an educational sequence resulting in the participant achieving the education and career goals.

e) The assignment of a trained individual to act as a personal link between the participant and the institution or employer or with other persons and institutions with which the participant is involved in pursuing a program.

f) Career guidance services which shall be available for participants as needed throughout the period of their participation in programs under this part.

g) Out-reach and recruitment activities as necessary to inform potential participants of the opportunities provided in programs carried on under this part and to encourage them to become participants.

h) Making available to participants the supplies required in connection with their carrying out the education and training phases of their individualized plans.

i) Making available to participants the transportation which is necessary for them to carry out their individualized plans.

j) Developmental activities designed to improve the leadership abilities of disadvantaged youth.

k) Activities enabling the approved institutions to more effectively deliver services to the target group. These activities may include, but not be limited to, staff development, faculty exchange and instructional equipment.

l) Job placement and follow-through activities designed to assist disadvantaged youth in moving from entry jobs to advanced technical skills occupations that are in demand, including supportive job creation and job development activities in depressed communities that would serve to equip disadvantaged youth for self-employment or employment in new and expanding businesses and industries.

m) The establishment of vocational-based youth enterprises to stimulate community improvement as learning activities for youth and any other type of services which will contribute to the ability of participants to secure and retain stable employment. Use of funds for these activities will greatly assist state and local education jurisdictions to improve their capacity to provide employment skills instruction to disadvantaged youth.

(5) Planning. To avoid duplicating adminstrative structures at state and local levels, increasing paperwork requirements and regulations, already-established advisory committees and planning mechanisms should be utilized when appropriate.

As a first step, Title II should require the State Board of Vocational Education to outline procedures for administering basic and supplemental formula grants for employment skills by amending the state plan called for in the Vocational Education Act and requiring a review of the procedures by the State Superintendent of Schools in those states where the State Board of Vocational Education is separate from the State Superintendent of Schools.

A second provision should allow for simplification of the local planning process by requiring the state to establish the following criteria to be followed by targeted local education agencies and other eligible institutions:

a) Each participant must use the established Vocational Education Advisory Councils where appropriate. These councils will have representation of parents, youth, private sector business representatives and prime sponsors to advise the local education agency on the development of a plan that brings together basic skills, employment skills, on-the-job experience and supportive services designed to move disadvantaged youth into stable employment.

b) Each participant must meet the criteria contained in the Title II legislation.

c) Each participant must develop a local plan that shows how basic skills and employment instruction will be integrated.

d) Each participant must develop a local plan showing how existing secondary and postsecondary vocational training institutions will be used to provide disadvantaged youth with relevant employment skills training.

e) Each participant must develop a local plan that will show how staff development activities will be initiated to assure improved educational outcomes for disadvantaged youth.

f) Each participant must develop a local plan that will show how activities will relate to existing vocational activities under the Vocational Education Act and what support the prime sponsor has agreed to provide.

(6) The Education-CETA Link. In order to coordinate the education component more effectively with the jobs program, there should be legislative language indicating strong linkages between education and CETA. This language should call for collaboration and a partnership at the state and local levels. The partnership can be built on the following.

a) The utilization of existing councils, commissions and committees already mandated, rather than by creating additional groups to advise, plan and coordinate.

b) The provision of ourtreach services to identify and engage potential clients.

c) The identification of needs through existing management information systems.

d) The requirement that all CETA-eligible youth have an education component of their programs.

e) The establishment of assessment and diagnostic centers within the education system for CETA and education clients.

f) Joint planning to link the demand side of the labor market closer to education.

(7) The Secondary-Postsecondary Link. Articulation has been a primary target in education for many years. Youth and adults mature and learn in stages and not all at one time and in one setting. The implications are that both secondary and postsecondary education institutions must be involved in a sequential program to alleviate the structural problems of youth unemployment. The linkages between secondary and postsecondary education institutions are based on:

a) The need to utilize existing educational institutions in the youth effort before expanding facilities.

b) The necessity to have a full range of programs for youth who drop out or who leave school.

c) The need for coordinated planning and utilization of resources.

(8) Linkages between the Basic Skills and the Employment Skills Program. The Administration's proposal states that "Key factors contributing to high rates of youth unemployment are the lack of basic reading, writing and computational skills and lack of knowledge of general employment and job-seeking skills." While recognizing the validity of this statement, it is also true that these are

not the only key factors. The acquisition of job skills for unemployed youth is a necessity. Knowledge of employment is not enough. Structurally unemployed youth must know how to do something or must possess a saleable skill, in addition to having a working knowledge of the basics, if they are to change their status.

The legislative language must, of necessity, require a collaboration between vocational educators and academic educators to plan a comprehensive program for each disadvantaged youth individually. This program should include basic education skills and also should contain a series of employment skills appropriate to the age group and capacity of the individual.

(9) Teacher Education and Staff Development. Funds are needed to provide for teacher education and staff development activities to prepare vocational teachers to work effectively with basic skills teachers in serving the needs of youth in targeted communities.

(10) Services for Pregnant Teenagers. Consideration must be given in the new legislation to the increasing number of young girls who find themselves in the critically debilitating situation of early pregnancy and motherhood. Forced to drop out of school to give birth and keep the child, these young girsl are often unable to return to school in order to obtain the required skills for employment. To acquire the skills necessary to support themselves and their children, they must find some form of daycare. Without the assistance of a relative or friend, returning to school becomes almost impossible. The result is that these teenage parents and infants are tied to public assistance and left without any potential for further stable employment.

It is suggested that funds be allocated within the new youth legislation to enable teenage mothers to attend scool in order to be trained for employment. Services would include those listed previously in addition to the provision of daycare.

Within these services, it is important to clarify the role of an adult, model-coordinator, such as home economics teachers, who would operate programs for these youth and aid these youth in acquiring necessary parenting skills and provide them with supportive help in acquiring job skills.

(11) Targeted Jobs Tax Credit. (PL 95-600, "Revenue Act of 1978") The targeted jobs tax credit is for qualified wages that an employer incurs or pays to members of a targeted group, (inlcuding youth participation in a qualified cooperative education program), after 1978 but before 1981. This provision in the law (Title III, Sec. 321) has enhanced the efforts of vocational educators to locate and place students in desirable training stations. It has been a positive step to enlist business and industry in the massive fight to reduce unemployment. Thomas W. Power, General Counsel for the Food Service and Lodging Institute, testified before the House Subcommittee on Select Revenue Measures (September 17, 1979) that, "Our companies hire from the other six targeted sectors . . . but they know that an employee in a cooperative education program will perform." We urge you to take the appropriate action to have extended the provisions in the "Revenue Act of 1978" that allow employers the provisions for the credit when they hire a youth participating in a qualified cooperative education program who is:

a) at least 16 years old but not over 19;

b) did not graduate from a high school or a vocational school;

c) is enrolled in and actively studying in a qualified education program;

In summary, AVA supports the passage of the Youth Act of 1980. This legislation should strengthen the existing vocational education programs and allow them to expand in order to serve the needs of disadvantaged and unemployed youth. We feel the concepts are strong even though minor improvements are needed. AVA requests an opportunity to work with you, Mr. Chairman, and the committee staff as you develop the legislation.

Thank you, Mr. Chairman, for the opportunity to present our views on youth and to make recommendations regarding proposed legislation.

American Vocational Association
2020 N. 14th Street
Arlington, VA 22201

March 13, 1980

RATIONALE AND JUSTIFICATION FOR VOCATIONAL EDUCATION'S ROLE IN YOUTH EMPLOYMENT PROGRAMS

DISADVANTAGED YOUTH: WHO ARE THEY?

Our country has a growing population of young people whom we have labelled disadvantaged. They represent our greatest untapped human resource. We desperately need to make them a part of the American economic system.

Who do we mean when we talk of the disadvantaged youth? These youth are distinguished by much more than the backgrounds of poverty and hoplessness from which they come.

They are frustrated, resentufl, disruptive, bored. They feel powerless in the face of barriers of poverty, disease, discrimination and basic ignorance. America to them is an impenetrable system which deprives them of many of the options which constitute freedom.

The majority, though far from all of these young people, live in the inner city. There they wrestle daily with realities that most of us can scarcely imagine. They are frequently a part of large families living in close quarters, often without even the most basic necessities such as hot water, adequate plumbing or heat. Their stomachs are usually empty. Drugs and alcohol are more readily available than milk and vegetables.

Crime is as close as the nearest corner. It is easier to "hang out" with the crowd in the neighborhood than to find a way out. If they do search for a job, they meet with little success for they have little to offer a prospective employer. They are the people behind the alarming youth unemployment statistics.

Where local communities lack the resources to provide comprehensive school-to-work programs, public schools do not work for these youth. In fact, disadvantaged youth view the schools with bitterness and distrust -- indeed, as the system's trap. These youth, who are struggling simply to survive, can see no usefulness in schools. In the daily educational routine, there seems to be little of a practical nature which they can see as offering a way to a better life. More frequently as not, they have abandoned formal education by age 16.

Since they seldom come in contact with "educated" people in their daily lives, few disadvantaged youth have any conception of how education can provide a stepping stone to a better future. Their role models for the most part survive through the welfare dole or through crime.

Providing values and hope for these students is more than our educational system is currently prepared to handle adquately. Most educators realize that these students require special help, extra attention, an educational emphasis that goes far beyond just teaching them reading or math or English.

Before these students can learn, they must want to learn. They must believe that through learning they will find a way out of poverty and hopelessness.

And they must believe that they can learn. By the time most disadvantaged youth reach the teen years, they have already gone through years of failure in school.

VOCATIONAL EDUCATION'S CAPACITY

Yet the public schools do have a built-in capability for meeting the needs of disadvantaged youth. It is called vocational education. The goal of vocational education -- to prepare people for work -- is one that any disadvantaged youth who struggled to find a job can understand.

Vocational education provides disadvantaged youth with a core of job-oriented learning experiences which give vitality to the education experience. It combines the critical ingredients of creative, committed staff, concrete skills training, instruction in basic and interpersonal skills and a range of supportive services designed to undergird the learning process.

With proper planning, effective utilization and adequate resources, we believe that vocational education can be the vehicle to get disadvantaged youth off the streets and onto a productive path within the nation's social structure.

THE EFFECTIVENESS OF VOCATIONAL EDUCATION

Any analysis of vocational education's effectiveness must begin with a clear understanding of who it is that vocational education serves.

Research tells us that vocational education students have traditionally come in greater proportions from the lower socio-economic ranks and have been students who as a group demonstrated less academic ability than their peers.

The three major, national longitudinal studies conducted in the past twenty years -- Project Talent, the Longitudinal Study of Labor Market Experience, conducted by John T. Grasso and John R. Shea and the USOE Senior Study show that secondary vocational education students are one standard deviation below college-bound students and one-half standard deviation below the general student in academic ability. Further, vocational students come, in much greater proportion, from the two lower socio-economic quartiles than students from the academic and general tracts, according to these studies.

In 1978, according to USOE figures, vocational education served approximately two million disadvantaged students with a federal set-aside investment of approximately $100 million, amounting to $50 per student. (These figures do not take into account the large numbers of disadvantaged students who do not require additional special services.) Clearly, vocational educators are committed to serving disadvantaged youth.

Vocational education develops human capital by developing the total individual. Through vocational programs, students mature into adult roles, not only through basic and technical skills acquisition, but also through learning experiences which deal with personal and interpersonal skills. Vocational education influences individuals in their school lives, work lives and in their personal development.

(1) Vocational Education Benefits Individuals in Their School Lives

Vocational programs can provide a place for disadvantaged students to become a part of the group and belong. Disadvantaged, alienated youth need a sense of purpose and a reason to stay in school and learn. These students need some sort of niche -- a base from which they can move toward achievable goals. Vocational programs give them that base.

Evidence of the effectiveness of vocational education programs for disadvantaged students was set forth by Sue Berryman[1] (1979) in a paper prepared for the Rand Corporation and presented at the Aspen Institute. Berryman said:

> When we look at this array of variables, we see a group that relative to one or both of the other curricular groups: 1) comes from the socio-economically lower status families in the community; 2) does not do well at what schools tend to define as their highest status mission -- cognitive development; 3) is not part of the high school's extracurricular structure; 4) rates the quality of the school positively; 5) is not alienated from the high school; 6) does not regard themselves as having been channeled into their curriculum; 7) wants money, steady work, and a happy family out of life; 8) prefers to work after high school; 9) selects practically (technical/vocational postsecondary education):

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[1] Sue Berryman, "Vocational Education and the Work Establishment of Youth: What Combination and for Whom?", Rand, Santa Monica, CA, August 1979 (Working draft)

10) has higher postsecondary employment rates and higher numbers of hours worked per week; and 11) is more satisfied with jobs as a whole and with their specific dimensions.

This is a group that does not connect into the high school by excelling academically or through participation in extracurricular activities. However, these students do not evidence the alienation from school or other negative school attitudes that we might expect. In fact, they evidence less of these than the general students.

I suggest that the vocational curriculum accounts for this surprising combination of "outcomes". It gives these students a niche in the high school and a future direction with which they can identify.

Further, the evidence shows that vocational education has a certain "holding power" which keeps young people from dropping out of school. Findings from one such study, from a technical school in a St. Louis, Missouri[2] school district, appear as Table 1. As can be seen in the totals, more than 80 percent of the class of 1977 stayed in school and graduated from their vocational programs. Grasso and Shea also found that for students who complete 10 units of school, vocational education raises the possibility of their completing grade 12.

A statewide survey in Texas[3] of graduates of various vocational programs sought views of former high school students after five years of work experience. Table 2 shows their responses concerning the helpfulness of vocational education in: preparing graduates for first jobs, expediting learning by doing and understanding, developing good work attitudes, and exploring career opportunities.

In a 1979 report produced as part of the USOE Senior Study[4], students expressed their feelings about high school four years later -- in 1976, and 64 said that "School should have placed more emphasis on vocational and technical programs."

Grasso and Shea[5] found that vocational education turns students on to further education. They state that vocational students are as likely as their general education counterparts to receive post-school training. However, vocational students' post-school training is more diverse in nature. This suggests that secondary vocational education helps youth understand that learning can occur in a variety of settings.

These findings serve to prove that vocational education can make a major difference in how many students feel about school. Over time, disadvantaged youth can learn how to learn as well as discovering the importance of learning to their future work lives.

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[2] "Follow-up Study of Vocational Students: Special School District, St. Louis County, MO, 1977.

[3] "Learning by Vocations: Views on Vocational Education by Former High School Students After Five Years of Real-Life Experiences" Summary of a survey conducted by the Advisory Council for Technical/Vocational Education in Texas, 1978.

[4] Bruce K. Eckland and Joseph M. Wisenbaker, "National Longitudinal Study: A Capsule Description of Young Adults Four and One-Half Years After High School, Center for Educational Research and Evaluation, prepared for USOE, February, 1979.

[5] John T. Grasso and John R. Shea, Vocational Education & Training: Impact on Youth, A Technical Report for the Carnegie Council on Policy Studies in Higher Education, 1979.

TABLE 1

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY
VOCATIONAL-TECHNICAL EDUCATION

NORTH COUNTY TECHNICAL SCHOOL

HOLDING POWER OF STUDENTS ENROLLED

	Program	1973 Class			1974 Class			1975 Class			1976 Class			1977 Class		
		Enter 1971	Grad 1973	Per Cent	Enter 1972	Grad 1974	Per Cent	Enter 1973	Grad 1975	Per Cent	Enter 1974	Grad 1976	Per Cent	Enter 1975	Grad 1977	Per Cent
1.	Air Conditioning	20	17	85.[illegible]	23	21	91.3	44	41	93.2	42	35	83.3	39	34	87.2
2.	Airframe & Powerplant	—	—	—	—	—	—	20	18	90.0	21	20	95.2	20	18	90.0
3.	Auto Body	20	19	95.0	22	21	95.5	23	1[illegible]	[illegible]5.2	21	21	100.0	22	22	100.0
4.	Auto Mechanics	21	21	100.0	22	21	95.5	41	39	95.1	42	39	92.8	42	36	85.7
5.	Building Main. Mech.	—	—	—	—	—	—	—	—	—	22	17	77.2	21	17	81.0
6.	*Business and Office Ed.	37	27	73.0	35	34	97.1	52	47	90.4	54	44	81.4	42	41	97.6
7.	Child Care Assistant	—	—	—	—	—	—	27	17	63.0	20	16	80.0	21	16	76.2
8.	Cosmetology	—	—	—	—	—	—	17	16	94.1	22	16	72.7	22	22	100.0
9.	Diesel Truck Mechanic	—	—	—	—	—	—	21	20	95.2	20	17	85.0	21	19	90.5
10.	Electronic Data Proc.	53	46	86.8	56	52	92.9	60	54	90.0	58	47	81.0	61	55	90.2
11.	Eng. Graphics/Drafting	19	12	63.2	19	16	84.2	23	20	87.0	20	14	70.0	22	14	63.6
12.	Fitter Welder	21	18	85.7	19	18	94.7	40	39	97.5	42	36	85.7	44	40	90.9
13.	Graphic Production Art	20	14	70.0	22	18	81.8	22	19	86.4	19	15	78.9	21	18	85.7
14.	Industrial Electronics	37	31	83.8	22	19	86.4	39	32	82.1	42	38	90.4	44	39	88.6
15.	Machine Shop	43	35	81.4	38	34	89.5	64	50	78.1	62	49	79.0	67	58	86.6
16.	Major Appliance Tech.	18	13	72.2	20	17	85.0	22	1[illegible]	63.6	20	15	75.0	17	15	88.2
17.	Office Equipment Tech.	—	—	—	—	—	—	22	17	77.3	22	18	81.8	21	14	66.7
18.	Offset Lithography	20	20	100.0	19	16	84.2	22	19	86.4	42	39	92.8	39	33	84.6
19.	Ornamental Horticulture	3[illegible]	27	81.8	38	30	78.9	39	27	69.2	44	33	75.0	41	28	68.3
20.	Radio and Television	19	15	78.9	20	16	80.0	18	16	88.9	21	15	71.4	21	19	90.5
21.	Sheet Metal	20	18	90.0	19	14	73.7	18	14	77.8	20	16	80.0	20	15	75.0
22.	Small Engine Repair	—	—	—	—	—	—	22	21	95.5	20	19	95.0	20	19	95.0
	TOTALS	401	333	83.0	394	347	88.1	656	555	84.6	696	579	83.2	688	592	86.0

*Business and Office Education is a one year program, therefore, the entry date would be the following year; 1971 would be 1972.

TABLE 2

STATEWIDE SUMMARY OF RESPONSES BY VOCATIONAL EDUCATION PROGRAM OF RESPONDENTS

PREPARE FOR 1ST JOB?

		AG	DE	HO	UH	EH	OE	T&I	ROW TOTALS
Not Answered	0 0	2 1.4	2 .5	1 1.2	0 0	2 1.6	4 .6	3 .6	14 .7
Very Helpful	8 36.4	61 41.5	168 41.9	47 58.0	6 24.0	46 35.7	429 68.2	238 48.6	1007 52.1
Some Help	8 36.4	60 40.8	163 40.6	23 28.4	11 44.0	47 36.4	155 24.6	142 29.0	610 31.6
Don't Know	1 4.5	3 2.0	7 1.7	2 2.5	2 8.0	0 0	6 1.0	14 2.9	35 1.8
Very Little Help	4 18.2	12 8.2	38 9.5	6 7.4	3 12.0	17 13.2	18 2.9	49 10.0	148 7.7
No Help At All	1 4.5	9 6.1	23 5.7	2 2.5	3 12.0	17 13.2	17 2.7	44 9.0	117 6.1
COLUMN TOTAL	22 1.1	147 7.6	401 20.8	81 4.2	25 1.3	129 6.7	629 32.6	490 25.4	1931 100.0

LEARN BY DOING AND UNDERSTANDING?

		AG	DE	HO	UH	EH	OE	T&I	ROW TOTALS
Not Answered	1 4.5	2 1.4	5 1.2	1 1.2	0 0	2 1.6	5 .8	9 1.8	25 1.3
Very Helpful	5 22.7	78 53.1	161 40.1	52 64.2	12 48.0	56 43.4	391 62.2	283 57.8	1042 54.0
Some Help	10 45.5	53 36.1	166 41.4	18 22.2	9 36.0	52 40.3	193 30.7	131 26.7	633 32.8
Don't Know	4 18.2	4 2.7	22 5.5	3 3.7	1 4.0	7 5.4	14 2.2	25 5.1	81 4.2
Very Little Help	2 9.1	5 3.4	32 8.0	7 8.6	3 12.0	8 6.2	19 3.0	32 6.5	109 5.6
No Help At All	0 0	5 3.4	15 3.7	0 0	0 0	4 3.1	7 1.1	10 2.0	41 2.1
COLUMN TOTAL	22 1.1	147 7.6	401 20.8	81 4.2	25 1.3	129 6.7	629 32.6	490 25.4	1931 100.0

DEVELOP GOOD WORK ATTITUDES?

		AG	DE	HO	UH	EH	OE	T&I	ROW TOTALS
Not Answered	0 0	1 .7	2 .5	1 1.2	0 0	1 .8	5 .8	5 1.0	15 .8
Very Helpful	10 45.5	82 55.8	215 53.6	48 59.3	13 52.0	77 59.7	349 55.5	262 53.5	1061 54.9
Some Help	8 36.4	41 27.9	111 27.7	26 32.1	11 44.0	37 28.7	205 32.6	150 30.6	589 30.5
Don't Know	1 4.5	13 8.8	22 5.5	1 1.2	1 4.0	4 3.1	20 3.2	36 7.3	99 5.1
Very Little Help	1 4.5	7 4.8	35 8.7	5 6.2	0 0	6 4.7	35 5.6	26 5.3	116 6.0
No Help At All	2 9.1	3 2.0	16 4.0	0 0	0 0	4 3.1	15 2.4	11 2.2	51 2.6
COLUMN TOTAL	22 1.1	147 7.6	401 20.8	81 4.2	25 1.3	129 6.7	629 32.6	490 25.4	1931 100.0

EXPLORE CAREER OPPORTUNITIES?

		AG	DE	HO	UH	EH	OE	T&I	ROW TOTALS
Not Answered	0 0	4 2.7	2 .5	0 0	0 0	1 .8	9 1.4	8 1.6	24 1.2
Very Helpful	9 40.9	55 37.4	131 32.7	39 48.1	12 48.0	49 38.0	248 39.4	211 43.1	758 39.3
Some Help	6 27.3	46 31.3	138 34.4	31 38.3	7 28.0	38 29.5	219 34.8	154 31.4	639 33.1
Don't Know	1 4.5	15 10.2	33 8.2	1 1.2	0 0	10 7.8	34 5.4	38 7.8	134 6.9
Very Little Help	5 22.7	17 11.6	54 13.5	7 8.6	3 12.0	17 13.2	87 13.8	46 9.4	237 12.3
No Help At All	1 4.5	10 6.8	43 10.7	3 3.7	3 12.0	14 10.9	32 5.1	33 6.7	139 7.2
COLUMN TOTAL	22 1.1	147 7.6	401 20.8	81 4.2	25 1.3	129 6.7	629 32.6	490 25.4	1931 100.0

Source: Advisory Council for Technical/Vocational Education in Texas

(2) Vocational Education Benefits Individuals in Their Work Lives

The "bottom line" of vocational learning rests squarely in the labor market and in the home. The most universally used yardsticks for measuring vocational education's effectiveness have been placement rates, length of employment and salaries. Statistically, vocational graduates fare much better in these areas than their peers who come from other curriculum areas.

Many states have documented the effectiveness of their programs in terms of employment rates, earnings, employer and employee satisfaction, mobility, relationship of placements to training, attitudes and postsecondary education. (See accompanying list of states and their studies.)

A recent report on findings from several public opinion surveys conducted by the National Center for Research in Vocational Education shows clearly the economic payoff of vocational training for workers. Salary information for respondents related to the level of educational attainment revealed that workers who had received vocational training earned higher salaries than other workers with comparable education at every level from high school through two years of college. (See Table 3.)

State Effectiveness Studies

Why Johnny Can Work: An Analysis of Employers' Ratings of Secondary Area Vocational Technical Center Graduates. Pontiac, MI: Northeast Oakland Vocational Education Center, 1979.

A Follow-up of Former Vocational Students from the Roanoke City Public Schools 1975-76. Lloyd W. Enoch. Roanoke City Public Schools, Virginia. Department of Vocational and Adult Education, May, 1977.

Vocational Technical and Adult Education: Student Follow-up Study of 1974-75 Completions. Jim Preston. Sarasota County, Florida: Sarasota County Board of Public Instruction, May 21, 1976. ED 124.685.

Ghazalah, I. A. Longitudinal Study of Vocational Education Graduates and Utilization of Federal Income Tax Data. Columbus, Ohio. Ohio Department of Education, 1978.

A Follow-up Study of the Post-School Employment Success of Graduates from Four High School Special Education Programs in the Midwestern Intermediate Unit IV in Pennsylvania for the School Years 1969-70, 1970-71, and 1971-72. Final Report. Grove City, Pennsylvania: Midwestern Intermediate Unit IV, 1973.

Chart 3

Family Income by Educational Attainment of Respondents with Two Years of College or Less, Who Had or Had Not Received Vocational Preparation

Income	Some High School		Completed High School		Attend 2-Year College		Completed 2-Year College		Total	
Ranges	Voc.	Non.	Voc.	Non.	Voc.	Non.	Voc.	Non.	Voc.	Non.
	%	%	%	%	%	%	%	%	%	%
$5,000	13	18	6	11	4	8	3	5	7	12
$5,000-9,999	33	42	28	29	22	22	12	26	26	31
$10-14,999	21	15	22	20	28	30	30	15	22	20
$15-19,999	10	13	22	18	29	16	15	23	22	17
$20-24,999	12	6	11	12	10	12	18	10	12	11
$25-29,999	10	5	9	6	14	14	15	13	11	8
$30-34,999										
$35-39,999										
$40-44,999[a]	1	1	2	2	0	0	3	3	2	2
$45-49,999										
$50,000+	0	0	0	1	0	0	3	5	.4	1
Number	52	95	125	309	49	51	33	39	259	394
Mean[a]	$10,915	$8,600	$12,429	$11,591	$13,400	$12,500	$16,450	$15,450	$12,800	$11,350
SD[a]	9,078	7,877	8,502	9,247	7,746	8,097	10,496	11,979	8,943	9,433
t	1.55, p > .05		.83, p > .05		.57, p > .05		.38, p > .05		1.98, p < .05	

Note: Percentages may not sum to one hundred due to rounding.
[a] Mean and SD calculated assuming equal distribution of responses through $5,000 intervals.

Research also shows that vocational education facilitates the career maturity of secondary school students. Grasso and Shea[7] report secondary vocational students' occupational goals were consistent with their curriculum choices. They further report that students in vocational programs were somewhat more likely to want jobs for which pre-employment preparation is available.

Further, Grasso and Shea also found that dropouts from secondary vocational programs did better in the work setting than did dropouts from the general curriculum. Not only did vocational training seem to result in better-paying jobs for these former students, they also tended to be employed to a greater extent in those occupations requiring pre-employment preparation than did dropouts from the general curriculum. Vocational program dropouts also showed greater mobility in the primary jobs than their general education counterparts and greater satisfaction in their jobs.

Studies concerning the extent of vocational education -- the amount of time in numbers of course hours -- reveal that increased time in vocational education results in increased employment. George Copa, et al [8], found that Minnesota vocational graduates do tend to come from the lower academic ranks, but fare better in further education and employment when they have experienced increased amounts of vocational education. Table 4 shows statistics for the Minnesota Class of 1978 one year after graduation.

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[7] Grasso and Shea, 1979

[8] George H. Copa, Donald E. Irvin, Bary Forsberg, Nagi Salem, "On Measuring the Employment Effects of Secondary School Vocational Education: Minnesota Data and Experience", Minnesota Research and Development Center for Vocational Education, University of Minnesota, Minneapolis, January 1980.

TABLE 4

Students Taking and Not Taking Vocational Education in Minnesota High Schools -- Class of 1978, One Year Later

Characteristic	Total	Students taking vocational education	Students not taking vocational education
Summary data			
Number	16,271	12,619	3,652
Percent[a]	100.0	77.6	22.4
High school rank percentile (%)[b]			
In upper 25%	26.9	21.5	45.8
In Lower 25%	20.9	24.0	10.2
Sex (%)[b]			
Female	50.5	55.1	34.8
Male	49.5	44.9	65.2
Educational activity after one year (%)[b]			
Vocational school	14.2	16.1	8.0
Community college	7.6	6.9	10.0
4 Year college	30.9	23.6	54.9
Employment activity after one Year (%)[b]			
Paid employment	64.1	67.8	51.9
Unemployed	6.8	6.5	7.9
Paid employment, only	35.5	40.6	18.5

[a] Percentages are of the total number of students for which data was available — 16,271.

[b] Percentages are of the total number of students in the respective columns — 16,271, 12,619, and 3,652.

Source: George H. Copa, Donald E. Irvin, [illegible]sberg, Nagi Salem, "On Measuring the Employment Effects of Secondary School Vocational Education: Minnesota Data and Experience", Minnesota Research and Development Center for Vocational Education, University of Minnesota, Minneapolis, January 1980.

Other evidence of vocational graduates' advantages in the labor market.

o The USOE Senior Study shows that:

-- Vocational graduates generally required less time to secure their first job and then outearn other students.

-- Most vocational graduates reported that their training was important in the acquisition of their first jobs.

-- Students from vocational programs found greater relevance in their education in terms of job expectations than did students in other curricula.

-- Overall, graduates of the vocational curriculum seemed more satisfied with their jobs than did graduates of other curricula.

o An article in Manpower noted that vocational students "obtain their first jobs more quickly and, subsequently, experience fewer and briefer spells of unemployment than others with a high school education".[9]

o Project Baseline found that vocational education trained students, when unemployed, have shorter periods of unemployment.

Thus, the evidence is clear that vocational education makes an enormous difference in individuals -- in terms of employment, income, attitudes and diversity of further education/training.

(3) Vocational Education Benefits Individuals in Their Personal Development

An important dimension of vocational education, the complement of job/occupational preparation, is the instructional emphasis on other skills that make good employees. This aspect of the vocational education programs focuses on such things as leadership development, work discipline, work values, human relation skills, career decision-making and problem solving. All of these skills facilitate the development of youth toward an appropriate work identity -- and employment.

Historically, vocational education has aimed for an effective blend of intrinsic (competence, integrity, pride) and extrinsic (placement, salaries) benefits in the design of vocational programs.

Through vocational education, students are better able to plan and make mature career choices because they are helped in building qualities of character which enable individuals to shape goals and work diligently toward them.

In a report issued by the Arizona State Advisory Council on Vocational Education[10], graduates of vocational programs indicated the benefits from vocational training which were most useful to them. At both the secondary and postsecondary level, graduates attached the most importance to: "Learning to cope, get along with customers, employers, employees, human relations, self-confidence, self respect and responsibility." Also of importance to these graduates was "psychological background for working, motivation, job-holding skills."

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[9] B. G. Reubens, "Vocational Education: Performance and Potential", MANPOWER, July '77, p. 905

[10] "The Product Talks . . . Who's Listening?", The State Advisory Council on Vocational Education, Phoenix, Arizona, 1977

Vocational education prepares people for their adult roles in life. The emphasis is on the whole person - not just on specific occupational competencies.

VOCATIONAL EDUCATION CAN BE EFFECTIVE FOR INCREASED NUMBERS OF DISADVANTAGED YOUTH

The issue today is not whether vocational education is effective or whether it can work for disadvantaged youth. The evidence shows overwhelmingly that it can work for this population.

The critical role of vocational education in the growth process provides the basis of its effectiveness in helping disadvantaged youth. Vocational education helps young people move from the arenas of play and daydreams to adult work. There are six major contributions that vocational education makes to this growth process that can serve to move disadvantaged youth toward productive lives.

(1) Vocational Education Makes All of Education Goal-Oriented

Vocational education can help disadvantaged youth see -- often for the first time -- that education can get them somewhere. Students get excited about learning because they are given a chance at last to set educational goals that have a practical value. Vocational education teachers help young people to focus in on the future and make it hopeful -- worth working for.

(2) Vocational Education Can Provide Identity and a Place to Belong

A feeling of belonging -- an identity -- can be established among disadvantaged youth in vocational programs. Through extended periods of time spent with a particular adult, disadvantaged youth are taught how to learn. Alienation is eliminated, and the youth have a person(s) to whom they can relate and a place where they can fit in.

(3) Vocational Education Enables Students to Learn By Doing

Vocational education puts classroom instruction to use in work situations. These activities foster a climate of excitement as students practice what they have learned from books. Basic educational skills when applied in meaningful "real-life" activities are learned more thoroughly and retained longer than when they are learned only in the abstract.

(4) Vocational Education Allows Disadvantaged Youth to See and Experience Themselves in Constructive Adult Roles

The "playful" features of vocational education are serious and increase in importance upon examination. Playing at being a homemaker, a farmer, a builder, a businessperson provides a testing ground for mature social interaction. As students perform constructive tasks, they are able to develop a work orientation based upon the values of productivity, accomplishment, pride, responsibility and independence. Disadvantaged youth gradually adopt this work ethic through vocational education -- through laboratory, simulated, and actual on-the-job experiences which require precision and production. Students learn to identify with adults as well as with their peers and they adopt increasingly more mature strategies for coping with their problems.

(5) Vocational Education Builds the Confidence of Disadvantaged Youth

Through emulating adult role models, vocational students learn to be competent, to help each other, to make decisions, accept consequences, negotiate differences and risk making mistakes. Young people feel good about themselves, and they are able to get and keep jobs. Vocational education promotes five dimensions of human development: 1) a sense of personal competence, 2) aesthetic appreciation, 3) integrity, 4) cooperativeness, and 5) a heightened sense of altruism.

People fail to get, keep and advance in jobs more frequently because they lack personal qualities rather than because they lack technical skills. Vocational education emphasizes these personal qualities in conjunction with its emphasis on specific occupational skills.

(6) Vocational Education Provides Youth With A Tangible Form of Success

Vocational education activities are interesting to students. Team projects are constructive and enjoyable, and students walk away with visible products about which they feel real pride. The products connect school life -- where sloppy standards will not sell. Students become enthusiastic, their energy levels and inventiveness rise. They become involved, and, with excitement, can finally say, "Look what I did!"

THE UNIQUE CONTRIBUTIONS OF VOCATIONAL EDUCATION

To become employable and employed, disadvantaged youth need a well-designed program which combines training in basic skills, personal and interpersonal skills, and techncial skills, coupled with on-the-job experiences and a wide range of support services. Educators can provide these essential features, through comprehensive vocational programs, in order to move disadvantaged youth from school to work.

Vocational programs are constructed to meet four important goals:

- To connect school and work over time;
- To provide skill training in occupational areas for which demand exists;
- To meet unique, individual student needs through specifically tailored programs;
- To develop, conduct and administer programs in cooperation with other educational areas and outside agencies.

(1) Vocational Education Connects Schools and Work

Vocational programs are designed to provide disadvantaged youth with a progressive, integrated pattern of on-the-job learning and related classroom instruction in basic and employment skills. This combined approach to learning can help disadvantaged youth obtain stable employment.

Job experiences are planned and based specifically on the needs and readiness of the individual student. In some cases, where students are not ready for private sector employment, more sheltered work experiences are provided. Work orientation and discipline are stressed so that in time students can move from youth jobs to adult jobs requiring technical know-how and maturity.

This progression allows each student to see the connection of continued in-school learning to jobs that become increasingly better. Students can clearly understand the relationship of the instruction to the requirements and demands of the job. Some of those connecting elements include:

-- Basic Skills. Basic skills include written and oral communication links -- reading, writing, and speaking -- as well as computation skills. These basic skills are introduced at appropriate stages in connection with progressive technical skills.

-- Educational Information. Information on types of occupations for which a student can train within a specific program, the cost, length of training, likelihood of employment, location of available jobs and qualifications needed to fill them must be a part of the instructional program.

-- Labor Market Information. Information on characteristics of the labor market including current job vacancies, future estimates of vacancies, location of available jobs, wages, working indicators, job entry requirements and advancement possibilities must be made available to the students.

-- Laws and Regulations. Students need to understand their rights and responsibilities under the law, as well as receiving information about organizations which can assist them.

-- Skill training. Development of the expertise necessary to carry out a specific job. This training can take place in institutions, on the job, or in some combination of the two, such as cooperative work experience or apprenticeships.

In fact, vocational education can develop a number of different program designs which provide youth with a progressive pattern of on-the-job learning and related basic skills instruction. Successful models include:

A. Cooperative Vocational Education

As developed over the past several decades, cooperative vocational education is an effective program for coordinating on-the-job skill preparation with related school instruction. Studies show that persons receiving labor market information, job-seeking instruction and thorough cooperative vocational education have markedly higher earnings and occupational status as young adults than do students without such preparation.

Today more than one half million youth participate in cooperative vocational education, and most are placed in the private sector for on-the-job training. Upon completing their schooling, a full 50 percent of them stay on with their existing employers.

One such program which has been especially successful for disadvantaged youth is the Work Experience Career Experience Program (WECEP), which currently operates in seventeen states. This is a program for 14 and 15 year old disadvantaged youth.

Information about results of this program in Illinois provides some insight into the program's effectiveness. The state report shows success in five key areas, as follows:

Attendance (compared with previous term)

67% missed fewer days
7% missed the same number of days

Grade Point Average

69% raised GPA
11% maintained same GPA

Behavioral Problems

56% had fewer problems
27% had similar number of problems

Attitudes

77% improved self-concept
76% improved relationships with others
66% improved attitudes toward study
66% improved attitudes toward school

Progress Observed by Employer

70% became more cooperative with co-workers
58% showed more initiative
71% improved ability to follow directions
67% increased competency for completing job assignments

Cooperative vocational education differs from work experience. The current national youth strategy seems to imply that youth who lack employability skills, basic skills, technical knowledge and job skills need only get experience in public service employment to move into private-sector skilled and semi-skilled jobs. Certainly work experience has some benefit for those youth, but there is no evidence that it alone will accomplish the desired job progression. Co-op programs, on the other hand, stress the coordination of on-the-job learning with in-school development of the needed basic skills, job skills and employability skills.

An example of a public service jobs program which has been successful for disadvantaged youth is the City Youth Employment Program (CYEP) in Pittsburgh. The CETA prime sponsor and the Pittsburgh Public School System, Division of Occupational, Vocational and Technical Education administer this program designed to: 1) give support to needy in-school youth by providing work opportunities in nonprofit agencies; 2) provide financial rewards for these work activities; 3) identify occupational-related program needs; and 4) offer educational alternatives, apart from the basic school programs, for exploring the world of work.

Because of its flexibility, cooperative vocational education offers a number of other advantages. Regular and special students can be served in the same programs, thus preventing segregation of disadvantaged and handicapped students into separate programs. Cooperative vocational education can be offered to in-school or out-of-school populations, in either secondary or postsecondary settings, or as part of an alternative school effort.

The Out-Of-School Youth Cooperative Education Program in Texas is designed to reclaim the unskilled, unemployed school drop-out. Program participants are placed in on-the-job training situations for a portion of the day and then return to a classroom situation to receive job related instruction as well as individually prescribed academic programs to meet their personal needs.

In addition, long-established and proven criteria and procedures are in place to provide school credit for on-the-job learning. Finally, co-op programs serve to introduce local employers to youth and help strengthen the business community's interest in and support of education.

Contracted learning is another example of a form of cooperative education. An outstanding example of this approach is in operation in Escanaba, Michigan. In this program, the community college provides the classroom instruction in basic and technical skills, and local businesses are paid to provide on-the-job training to individuals on a less-than-classroom size basis. Capstone is another program type -- which could be successful with disadvantaged students -- where senior high school students, after two years of in-school skill training, go out on-the-job for another two years. As a result, the necessary combination of skills and experiences are provided over an extended time.

Other innovative models in cooperative education can enable vocational education to connect school and jobs for disadvantaged youth. The above are just a few of the many possible approaches.

B. School-Based Youth Enterprises

In a second type of program, vocational-based youth enterprises, young people are introduced to another option -- creating their own employment through small business ownership/management. Through the establishment of actual businesses, students combine the technical skills of the particular business content with entrepreneurial competencies in such areas as finance/accounting. Basic skills in written/oral communications and computation, as well as interpersonal skills, are critical to survival in this learning setting.

In depressed communities where youth unemployment runs exceedingly high and community placements are insufficient, vocationally based youth enterprises can enable students to gain the labor market experience so crucial to private-sector employment. They can further provide youth with an experiential understanding of how our nation's economic system works.

AVA has its own Youth Enterprise Project (YEP) which focuses on the learning/teaching of skills in small business management/ownership. CETA eligible, disadvantaged youth in four local programs operate their own small businesses. These projects are: Arlington, Virginia -- food preparation; Motley, Minnesota -- leather crafts; Kansas City, Missouri -- small engine repair; and Byng, Oklahoma -- two wheel tractor trailors.

Through youth enterprises, students realize the "flip side" of the question, "For whom can I work?" They can ask instead, "How can I create my own work?"

C. Apprenticeship Programs

Vocational education is currently providing related instruction for at least 80-90% of all the apprenticeship programs in this nation. As apprenticeship programs are expanded, vocational education has the capacity to work with members of local unions to provide appropriate educational programs to undergird the on-the-job training received by apprentices.

D. Home and Community Improvement Projects

Another method for giving students practical experience related to their classroom instruction is through the use of home and community improvement projects. Although students receive no pay for such work, they benefit from the actual completion of activities that make a contribution to the betterment of their homes or communities.

Historically, rural vocational education programs have connected the home with the school through home learning projects. Such activities also have an enormous potential in urban areas where a number of community improvement and community conservation projects could be carried out by students under the supervision of a vocational teacher. These can be valuable learning experiences for students while benefiting the community as well.

E. Vocational Student Organizations

A fifth area in the school-to-work connection is that of student organizations. The vocational student organization, established to be an integral part of instructional programs, is an effective mechanism for developing those personal qualities that are essential to success in the workplace. This is especially important for disadvantaged youth.

It is through the student organization that youth are able to learn how to work with others to achieve common goals. They gain a sense of community and personal identity. They are allowed to indicate their interests and needs and to make choices and to experience the consequences of those choices. Most of all, the student organizations foster a desire within the individual to be a self-starter, to solve his/her own problems.

Student organizations are very important to disadvantaged youth. They provide opportunities for youth to interact with persons of all age ranges. Student organizations also provide role models. Disadvantaged youth sorely need successful images upon which they can pattern their own future expectations. Youth must come in contact with and be influenced by individuals who can serve as concrete examples of desired performance in a work role.

Thus, in this "connection" goal, vocational education can provide: 1) a constant source of coordination between school and work with one person as coordinator; 2) both public service and private sector job opportunities; and 3) a structure through which schools manage job learning.

(2) Vocational Education Can Provide Skill Training in Occupational Areas Where Demand Exists

There is a shortage of skilled workers in this country. A recent study of more than 200 companies, completed by the F ntus Company, a large manpower consulting firm, showed that tight labor conditions are causing problems. Turnover is increasing and hiring standards must be lowered in order to fill openings. These shortages increase operating expenses due to: overtime costs, increased wages to attract available workers and the slower work pace maintained by inexperienced and lower-quality workers.

The prediction is that the problem will grow "because the generation arriving at working age is smaller, thus providing fewer workers."

Another study, conducted by the consulting firm of Barnhill-Hayes, showed that qualified female and minority applicants are in especially short supply. The 3,000 executives surveyed cited the scarcity of qualified candidates as the biggest obstacle they face in meeting affirmative action goals.

Today's shortage of qualified workers for skilled clerical, trade and technical jobs will be further accelerated by the fact that even fewer youth will be entering the labor market after 1980. In 1975 there were 16.8 million teenagers between the ages of 16-19 in this country. By 1980 the number will have dropped to 16.7 million and 1985 it is expected to stand at only 14.4 million.

Yet in 1980 the black teenage population is expected to be 2.6 million, up from 2.1 million in 1975. By 1985, it is expected to decline slightly to 2.5 million.

The decrease in the number of young workers will eventually mean a decline in the available work force. Greater productivity will be demanded from both human and technological resources.

The shortage of youth available to enter the labor market will be further compounded by the fact that many of the workers who have been the backbone of American industry since World War II will begin to retire.

Yet, today's unemployed, disadvantaged teenager could be tomorrow's unemployed adult in a nation that nevertheless has a shortage of skilled workers.

In a recent survey by the National Machine Tool Builders' Association, an important component of the defense business, 70 percent of its members reported worrisome shortages of technical workers. Says the association's president, James A. Gray: "We're facing one of the greatest skill shortages in the history of this country."

The Chemical Bank Survey of Small and Medium Sized Businesses in New York -- "Looking Toward the 80's" (Louis Harris and Associates, Inc., November 1979) states that "In spite of their optimism about the future, executives of smaller businesses are currently facing a number of initial problems. Foremost among them . . . is the quality and cost of labor . . . ranked first among problems facing small businesses today, ahead of inflation, finding top quality management, government relations, and taxes."

The greatest disservice which educators can do to youth, especially in depressed communities, is to give them the false illusion of a job which will not exist. While, surely, vocational educators cannot control the labor market or the economy, they can plan through analyses and forecasts in order to train a supply of skilled workers for likely demand.

EXPANDING ACCESS TO PROGRAMS

In meeting these major needs of industry while also meeting the needs of disadvantaged students, through vocational education, our major problem today is one of accessibility. There are simply not enough facilities nor enough qualified staff, equipment and other resources to meet the needs of all disadvantaged youth who could profit from vocational education. A 1979 study of vocational facilities shown as Table 5 reveal the imbalance.

TABLE 5

Distribution of Institutions and Instructional Stations in Secondary Schools vs. Population

Population Region Type	Institutions		Stational	Population
	Number	Percent	Percent	Percent
A. Central City, Metropolitan Population over 500,000	453	8.1	10.6	22.8
B. Suburb, Metropolitan Population over 500,000	597	10.7	13.5	38.0
C. Central City, Metropolitan Population 100-500,000	368	6.6	8.2	8.9
D. Suburb, Metropolitan Population 100-500,000	277	5.0	6.1	3.6
E. City or Town Population 25-100,000	958	17.3	21.4	3.1
F. Town or Region Population 0-25,000	2,402	43.2	34.5	23.6
G. Service Area not Elsewhere Classified	505	9.1	5.7	NA
Total[2]	5,560	100.0	100.0	100.0

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[1] Instructional stations.

[2] Institutional totals (6,660) do not equal total survey responses (6,693) because some institutions did not respond to the classifying question used in the generation of this table.

Source: National Study of Vocational Education Systems and Facilities, Volume 1, Westat, Inc. and Institutional Development Associates, Inc.

It is essential that we look at ways to stretch our resources in order to combine new resources with existing one to achieve the maximum opportunity for this special group of youth.

Through mainstreaming -- Communities vary widely in their ability to develop their human resources. The idea that one, or even a few, pattern(s) or formula(s) for dealing with youth unemployment are likely to serve all communities is wrong. In planning a program to serve disadvantaged youth we must take into account the endless variations in existing resources.

Possible causes of youth unemployment are inherent in many of the institutions and organizations charged to assist in the process of transition from school to work. Characteristics of institutions which cannot serve disadvantaged youth adequately might include the following: non-existence of services, insufficient quantity of services, inadequate access to services, ineffective services and/or uncoordinated services.

A critical part of our efforts must involve mainstreaming disadvantaged youth into the established system. The value that our society places on equity of opportunity implies that we should not arbitrarily reduce the opportunity of one group of youth by placing them in separate programs, sometimes in separate locations. Such placement is a subtle form of discrimination -- a categorization which will remain with these youth for some time and negatively alter their attitude toward themselves as well as the attitudes of others concerning these young persons' potential. Every effort should be made to make disadvantaged youth feel "a part of the group" in order that they may reap the benefits of learning from their peers.

We can no longer afford to point disadvantaged youth out, pull them out, and keep them out. The price becomes alienation, despair and eventual drop out.

Successful school-to-work transition programs are readily distinguished by their attention to the special population student. This depend in large part upon the enthusiasm and boldness of the school staff -- on their willingness to modify the curriculum and instruction and to provide the needed special services.

Staff members in successful programs are selected for their zeal for working with low-income students. These teachers have the capacity to encourage students to try, to believe in their own ability and in their future. Continuous staff preparation and development is provided for those working with special population students.

To keep special population students in regular classrooms, teachers in these successful programs establish different expectations, content and instructional approaches. These modifications are based firmly on careful inquiry into students' needs and on clear statements of specific short and long-term student outcomes.

Work experience and supervised cooperative education, for example, are sequential and geared to the developmental needs of each student. Participation in student organizations is stressed, so that students can develop the identity, leadership and citizenship skills and motivation that these groups instill. Often the advisor for the student organization is the cooperative coordinator. Where on-the-job learning experiences are not available in the private secotr, school-based youth enterprises are operated, so that students gain job experience and entrepreneurial awareness.

However, to mainstream students, we must expand our capacity. Vocational institutions must extend the number of hours in each school day and the number of months in the school year. To do this in many cases will require two full time shifts of staff. Expansions of this type will assure the greatest usage of existing resources.

Through Use of the Community -- The capacity of a community to serve and develop its human resources holds a direct relationship to that community's ability to maintain and attract business and industry, including small businesses and other entrepreneurial enterprises. The Joint Economic Committee, in its report to Congress in January, 1979, pointed out that two major reasons for an industry to decide to locate in a given area are: (1) the quality of the educational system, and (2) the availability of skilled workers. Further, statistics show that half of the jobs today are located within small businesses, those employing twenty people or less, and those which do not have training programs available to their workers.

Thus, through their institutions, urban and depressed rural areas can create new climates which are attractive to large and small, new and expanding business. Greater access to vocational education facilities is a primary factor in a community's economic development.

This investment in capacity building, however, must be planned to serve subsequent generations of young people. Given the extent of the investment, the expectations cannot be short-term

An example of the development of a vocational-technical system which is yielding continuing benefits and impact is the Appalachian Regional Commission (ARC). New modern facilities built with funding from the Commission have helped develop human resources to impressive extents. They have contributed to increased per capita income, attraction of industry, reduction of drop-out rates, and extremely high employment rates among graduates. As of September, 1977, the Commission had approved funds for approximately 635 vocational education projects -- to enroll 375,000 students. This federal investment has triggered an even larger state and local investment in equipment and facilities.

The employment rate is an astonishing 90 percent among graduates seeking jobs (66.1 percent in full-time training-related occupations, and 23.9 percent in part-time or non-training-related occupations). According to one of its recent reports, "The Commission is attempting to develop a new profile of employment skills in Appalachia through heavy investments in vocational and technical education.

Every effort should be made to utilize all available resources in the community. Quick-start training classes can be mounted in temporary facilities for youth in those occupational areas for which local demand is greatest. In large urban communities, store front community-centered vocational schools, especially for out-of-school youth, can be mounted to train workers in areas such as office occupations. Vocational education has a history of imagination in making the greatest use of existing community resources in order to mount employment skill programs in areas of demand.

In summary, we cannot neglect the critical component of capacity building -- the expansion of a community's physical capacity to develop its human resources in order to maintain and attract employment opportunities. The distinction must remain clear, however, between education's responsibility for employability of the individual and the community's responsibility for employment. Nevertheless, in order to foster employment, the community must enhance its educational services. The cycle is complete then when individuals are appropriately prepared for work that is available.

(3) Vocational Education Can Meet Unique, Individual Student Needs Through Specifically Tailored Programs

Disadvantaged youth require a comprehensive range of services including assessment, individualized instruction, support services, placement and follow-up. Specifically tailored programs must be designed for each student, combining the exact set of services to meet that student's unique needs.

Assessment: Once a young person has indicated a willingness to enroll in a vocational program, the first step is to conduct an assessment of his or her needs, abilities and interests. Many vocational institutions and community colleges have developed assessment laboratories which allow students to go through a two to six week period of in-depth career assessment. As a result, the institutions are able to formulate intensive educational plans which will enable these students to achieve their goals.

Individualized Instruction: Increasingly vocational education has been moving toward individualized instruction. The obvious advantage of this approach to learning is that students can progress at their own rates. This teaching method works so well that some institutions now use no other type of instruction.

For the disadvantaged student, individualized instruction is an ideal approach because it allows the student as much time as necessary to master the essential competencies. The usual emphasis in manpower programs has been on short-term instruction which does not give these students enough time to learn appropriate skills.

Open Entry, Open Exit: It is critical, for disadvantaged youth, that time flexibility be built into each program. Most of these students need to participate in a vocational program over an extended period. Through the open entry, open exit system, students can enroll at any time and leave when they have achieved their goals.

Lower Student Ratios: Disadvantaged students require closer and more constant attention from their instructors. Classes must be smaller, and in many cases, "one-on-one" approaches are required.

Support Services: These services include assistance in nonwork related areas which nevertheless affect the ability of youth to succeed in the workplace. Support might include assistance in finding suitable living accommodations, clothing, medical, dental and legal help and follow-up monitoring after the transition to work has been made. Social and psychological reinforcement are another important type of support service activity.

Job Placement: Finding a job is the "pay off", the ultimate outcome of education and training. Placement is a continuous, rather that a one-time service since individuals and jobs are both constantly changing.

Job placement, by definition, requires direct and constant ties to the community and its job/labor market. A working relationship must exist between education/training institutions and area business and industry. A "bank" of information about present and future jobs must be current and utilized. Vocational education programs must incorporate in their curricula the particular skills and knowledge which will be required for job placement. Special requirements for credentialling and licensing in certain occupations must be addressed during the preparation for work.

Job placement personnel must know: (1) students -- their capabilities and goals and (2) the job scene -- actual requirements and realistic possibilities. Building the bridge between the two is the task of placement services.

Clearly, the idea of "meeting unique needs" requires individualization based upon extensive assessment and delineation of those needs--academic, experiential, supportive. Disadvantaged students need individual learning plans which are progressive and developmental--leading from play to dreams to adult life. Programs must also incorporate certain components which address very particular needs such as teenage pregnancy, drug and alcohol abuse, unemployment prevention and cure, sex roles, motivation and productivity, alienation and identity.

(4) Vocational Education Can Administer Programs In Cooperation with Other Educational Areas and Outside Agencies

Services for youth must be continuous and coordinated without gaps and/or duplications. In order to accomplish this feat, linkages among agencies and organizations providing services--community-based organizations, employers, prime sponsors, welfare departments--require an institutional base.

Youth unemployment cannot be effectively addressed by either the school or the workplace along. Good preventive programs must extend beyond the school building to reach youth in the most meaningful way. Yet programs that provide only jobs and ignore the contributions that education makes to successful employment will also fail

Most of the necessary services are already being carried out by a variety of agencies and organizations. The major task at hand today is to establish linkages between existing institutions so that youth are not "dropped between the cracks" or turned away because of a limited capacity to address the existing need.

To avoid the "shuffle" of students from one agency to another, a "coordinator" should be available to oversee these linkages between school, job learning and youth development.

A second requirement would be a mandated planning of vocational education programs for disadvantaged youth in conjunction with CETA prime sponsors and a mandated planning of youth employment programs that have a training component in conjunction with vocational education.

One successful and widely accepted way of ensuring this overall coordination is the use of the cooperative vocational education model, which provides a supervised, sequential and highly supportive set of learning experiences both on the job and in the classroom.

Coordination of education and work is frequently provided by a specially prepared cooperative vocational education coordinator, who works with 30 to 40 students from the time they enter secondary school until they enroll in further education or obtain stable and promotable jobs. This offers them continuity over a three to six year period and enables the special population student in particular to develop a greater sense of identity, belonging and confidence.

The cooperative coordinator serves as mentor, constant supporter and instructional team leader for vocational teachers, basic skill instructors, guidance counselors and social workers who are working with the student on short-range objectives and long-term career plans.

Team Teaching and Shared Functions

Vocational educators welcome the opportunity to work with general educators to develop programs which connect the teaching of basic skills to a core of applied employment skills learning. This is now being done through team teaching in some high schools and through basic skills laboratories in specialized vocational technical schools.

Vocational educators work cooperatively with local prime sponsors and community-based organizations in outreach, recruitment, assessment and job placement functions. Together with prime sponsors, vocational educators stand ready to make public service jobs truly a positive learning experience for students where private sector on-the-job training cannot be developed.

Through all these program goals and components, a climate can be created wherein disadvantaged youth are motivated and can learn -- where they want to learn. As we have all seen, that is no simple or easy task. In fact, it is rare today. The new Youth Initiative must accomplish the task -- by pulling all of the existing parts together and enabling all the key actors to play their appropriate roles.

Senator **Nelson**. Thank you, Mr. Bottoms.

Our next witness is Mr. Dale Lestina, legislative specialist, National Education Association

Mr. **Lestina**. Thank you, Mr. Chairman.

I am Dale Lestina with the National Education Association.

NEA is pleased to testify today in support of the President's Youth Initiatives proposal; we commend the President for his thoughtful approach to this problem on youth employment, and this subcommittee for its timely hearings.

In the interest of time, I would like to just highlight my statement. I would like to highlight those areas which we like first.

We like the approach to basic transferable job skills such as reading, writing, speaking, computation skills, and job habits. The strategy is to cut off the supply of structural unemployables, those youths who are lacking the basic academic skills to enable them to get, hold, and progress in technical service type jobs. It is a preventive type approach. We think it is much cheaper in the long run than financing the byproducts of unemployment, such as welfare, crime control, and the like.

Another area that we like very much is the cooperation that is fostered at the local level between the prime sponsor, the public school system, CBO's, other citizens, the government, private business, and industry. We think that increasing this type of cooperation between the prime sponsor, the LEA and the private sector really goes a long way toward enabling us to cut duplication that occurs when these agencies operate separate but similar type programs; and this approach that is offered in these two titles, both the employment and the education title of this bill, I think will go a long way toward getting the biggest bang for the tax dollar.

We also like the idea of where the present type youth council under CETA, if agreement can be reached between the prime sponsor and the LEA, can be the same council that advises the LEA on the education title of this particular bill where one-third would be appointed by the prime sponsor; one-third by the PIC council; and one-third by the LEA. We would like to see a statutorial mandate that among the LEA's appointees must be representatives of the teachers' bargaining agent similar to the kind of provision for union involvement under the present CETA legislation.

We strongly support also the provision in both titles that is aimed toward school-age youth moving them back into school or to a school-based program. By a "school based program," we are not necessarily talking about one from which students have already dropped out, but one that is designed with the moneys available, from this new program, which uses education materials that are directly related to the job interests of these particular students.

We also like the counseling aspects that are stressed in both titles of the administration's proposal, which provide a good avenue for a good mix of basic skills, job skill training, vocational education, and access to information on a range of job opportunities for those individuals throughout their lifetime.

We also like the way in which the funds break out, with a minimum amount to Federal and State levels for administrative purposes, and the lion's share going to local communities for program development and carrying such out.

We see the proposal as praiseworthy, however there are a couple of areas we would like to stress for being strengthened.

We feel that the standards for educational personnel hired by prime sponsors or community-based organizations for programs that they administer must be equivalent to those for educational personnel in the public schools in that prime-sponsor area.

Title II of the administration's proposal stresses basic education and has provisions for accountability of the school systems for same. However, public schools cannot really be solely and singly accountable for after-graduation jobs. I wish to highlight that the after-graduation job placement, the job sampling, and job skills training is an excellent area where specifically prime sponsors and the private sector can really cooperate with the public schools as envisioned in this particular proposal to truly benefit the participants of this program.

Both titles stress heavily individual assessment and individual achievement records. There is much validity to that. However, it can succeed only if the ratio of participants to instructors is small enough to be manageable. We suggest something in the area of 1 to 12.

Finally, I would like to address myself to the funding cycle.

The funding cycle under the existing CETA program does not dovetail well with the funding cycle of education budgeting of the LEA. In many instances now, where cooperation takes place with CETA under the 22-percent provision, LEA's have had to use some of their own budget to fill in until the CETA funds become available. If the CETA funds do not come available or fall short, the LEA's could be forced to borrow to make up for this shortfall. So something that we should consider is that the proposal on both title I and title II provide avenues where we can adjust to make the funding synchronize in a better fashion which should be done in our judgment.

In closing, I would like to call the subcommittee's attention to an editorial in the March 8 National Journal, which stresses that the measure as proposed by the administration shows a lot of promise. The administration's new program seems worth a try as stressed in that editorial.

Thus, the NEA would urge this committee to act quickly and favorably on this new program; for if nothing is done, the alternative is unthinkable. The cost in welfare and crime, which we will wind up paying for anyway, will be a cost much higher than is envisioned by the investment called for in this proposal.

We stand ready to work with you, and this committee, to secure passage of a good youth program.

Thank you.

[The prepared statement of Mr. Lestina follows:]

nea
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STATEMENT OF

THE NATIONAL EDUCATION ASSOCIATION

ON THE

PROPOSED YOUTH EMPLOYMENT PROGRAM

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR

OF THE

SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

PRESENTED BY

DALE LESTINA

LEGISLATIVE SPECIALIST

March 13, 1980

I am Dale Lestina, Legislative Specialist for the National Education Association. NEA represents 1.8 million teachers throughout the country, serving in-school youth in urban, suburban, and rural areas.

NEA policy commits us to the premise that the "preparation of students for vocations and productive jobs should be a basic policy of secondary and higher education" (Resolution B 79-18, a copy of which is attached). Believing in that principle and believing that the opportunity for gainful employment is a fair expectation of our youth, NEA is pleased to testify today in support of the President's Youth Employment Initiative proposal. We commend the President for his thoughtful approach to the problem of youth unemployment, and this Subcommittee for its timely scheduling of hearings.

One of the major problems in the nation's troubled economy is the rate of unemployment among young Americans and especially among poor and minority youth in urban areas. This problem has worsened for this population in the past 20 years and, absent government intervention in the course of things, will likely get still more severe.

The jobs that will be available in the next decade will be vastly different from the jobs traditionally available to youth. Between 1976 and 1985 there will be an estimated 59 million job openings -- nearly three-quarters of these will be white collar, technical service positions. The product of the industrial economy is a consumable object; the product of a service economy is a written report. Service and technical employment depend on the ability to read, write, and calculate. Increasingly, preparation for employability is education.

While schools are primary in the process, the preparation of youth for jobs of the 80's will require a strengthened, cooperative partnership among government, education, business, labor, and community-based organizations. These institutions at the local level must cooperate more fully in making decisions on the mix and design of youth programs.

We are in agreement with the goals of this ambitious proposal. It has many good features that should be adopted. Its basic thesis is that school-age youth must be trained in basic, transferrable job skills such as reading, writing, speaking, and computation, and job habits that will enable youth to adapt to the variety of job opportunities that will confront them during their working lives. The strategy is to train school-age youth, thus cutting off at the source the supply of structural unemployables -- those youth lacking in the basic academic skills which enable them to get, hold, and progress in technical or service jobs. The proposal seeks to increase the future employability of disadvantaged youth through a carefully structured combination of education, training, work experience, and other supplementary services which include counseling and career guidance. Once gainfully employed, educated youth are likely to be productive workers throughout their lifetimes. This preventive approach, even with the infusion of new funds called for in the President's proposal, is cheaper in the long run than financing the by-products of unemployment such as unemployment compensation, welfare, and crime control.

The proposal recognizes the importance of cooperation among various interested community groups at the local level -- education, labor, business and industry, government, and other citizens -- and encourages such cooperation. It provides the atmosphere needed to foster mutual understanding between prime sponsors (local governmental units) and local education agencies (lea's). It emphasizes locally developed benchmarks in the planning, implementation, and evaluation of the program. By increasing cooperation among prime sponsors, lea's, and the private sector, it cuts duplication that occurs when those agencies operate similar but separate programs, and thus gives the most bang for the federal buck.

The proposal provides that the Youth Council, which advises the mayor or other government officials on CETA youth training and employment programs, and the Education Work Council, which is to advise the lea on the youth education program, may be the same body so long as each is appointed one-third by the lea, one-third by the prime sponsor, and one-third by the Private Industry Council (PIC). We would like to see a statutory mandate that among the lea's appointees must be representatives of the teacher bargaining agent. This recognition would do much to eliminate severe problems teacher bargaining units have experienced when CETA programs have been operated without their involvement or awareness.

We strongly support the emphasis on keeping school-age youth in school and encouraging out-of-school school-age youth to return to school-based programs. Using schools as the major deliverer of the services of the youth employment program is wise. Schools must assist older youth who have fallen behind in basic education in a manner that parallels the natural development of youth as they progress toward the adult world of work. Any practitioner can tell you that a 12-year old or a 14-year old is not going to learn to read from Dick and Jane, or learn computation by rote memorization of the multiplication tables. But that youth will learn if the basic education skills are taught through materials directly related to his or her job interest, say a computer manual or a formula for mixing wild animal feed. The proposal stresses the use of methods and materials tied to a youth's job aspirations. In addition, the proposal's inclusion of counseling services as part of the program can help to insure the student access to the mix of basic and vocational training appropriate to his or her needs, and access to information on a range of job opportunities.

The proposal's goals are achieveable. We particularly approve of the percentage breakdown of the federal funds -- federal and state agencies retain only a minimal portion for administrative purposes, and the lion's share goes to the local community for program operation. This feature should not be altered.

While NEA believes that most of the proposal is praiseworthy, some elements of it cause us concern and we see some potential problems. I'd like now to bring these matters to your attention.

We strongly believe that standards for education personnel, those teaching the basic skills, hired by prime sponsors and/or community-based organizations for programs they administer, must be equivalent to those for personnel in the public schools in the prime sponsor area.

In addition to these education standards, we believe a prohibition must be included to prevent the teachers in the proposed program from supplanting other teachers employed by the lea. Some such supplanting has occurred in ongoing CETA programs where lea teachers were riffed because CETA personnel were operating programs similar to those in the schools, so school boards simply cut back on those school-based programs. This practice, inspired in part by the budget squeeze facing lea's, has caused serious problems in some areas for teacher bargaining agents.

Schools 7-12 involved in the youth employment program may properly be held accountable for imparting the basic transferrable job skills. But the school-based programs should not be held singly accountable for actual after-graduation job placement. Where vocational education agents are willing and have the capability to be engaged in placement and are doing so successfully, they may wish to continue to be held accountable for placement. Decisions concerning the accountability for after-graduation job placement should be made at the local level. It should be noted that after-graduation job placement is an excellent example of an area where the type of cooperation among the schools, prime sponsors, and private sector envisioned in the proposal can truly benefit the recipients of the program. Responsibility for programs whereby youth are exposed to job sampling, job skill development, and job placement can appropriately be shared by the schools, the prime sponsors, and the private sector.

Another aspect of accountability is the individual assessment and achievement records envisioned in the proposal. While we do not question the need for or the validity of record-keeping, we must caution that it can succeed only if class size is small enough to be manageable. Our members' recent experiences with the paperwork requirements -- and burdens -- of PL 94-142, the Education for All Handicapped Children Act, indicate to us that manageable class size is absolutely critical to the success of any program requiring definitive paper on each individual student.

Our final concern has to do with problems we have encountered with the funding cycle of the CETA programs, which is not synchronized with the funding lea's receive for operation of federal education programs. Lea's know what funds are going to be available to them from local, state, and federal sources and put together their education programs before either the lea or the CETA administrators know what will be available under CETA. In certain instances, lea's have used some of their own budgets to fill in until CETA funds are forthcoming, in effect spending some of their education funds for CETA funds. If CETA funds do not come in time or are not adequate, lea's could be forced to borrow to make up the shortfall. This is obviously a very poor management practice, one that will no longer be encouraged if the funding cycle for the new program is synchronized with the education funding cycle.

In closing, I'd like to call the Subcommittee's attention to an editorial in the March 8 National Journal, a copy of which is attached. We tend to agree with much of what National Journal says on this issue.

> "As Congress prepares to try to cut President Carter's fiscal 1981 budget, high on its list of potential targets is the Administration's showcase domestic initiative--its youth employment proposal. That's too bad, because the measure shows a lot of promise.
>
> "...(T)he Administration's new program seems worth a try. There is evidence that its main approach--mobilizing schools, state and local governments, private industry, labor and community organizations in cooperative ventures--can work."

We urge this Subcommittee and the Congress to act quickly and favorably to enact into law this exciting new program. We believe that, if nothing is done, the alternative is unthinkable. The human and fiscal costs in welfare, in crime, in the brick wall faced by so many disadvantaged youth are staggering and totally intolerable.

NEA stands ready to work with you to secure passage of this important new initiative. Thank you.

NEA RESOLUTION

B79-18 Vocational Education

The National Education Association believes that preparation of students for vocations and productive jobs should be a basic policy of secondary and higher education. Educational programs, which will assure equal opportunity for occupational development, should be developed for all students. A continuing comprehensive program for training, retraining, advancement, and promotion should be provided for students who have completed minimal state attendance requirements.

The Association supports vocational and technical education as a major component of education. To be effective, vocational and technical education should be preceded by career awareness and exploration programs. These exploratory courses should be incorporated into traditionally academic courses and into existing industrial and practical arts education courses. (76)

EMPLOYMENT FOCUS/JAMES W. SINGER

A Tempting Target

As Congress prepares to try to cut President Carter's fiscal 1981 budget, high on its list of potential targets is the Administration's showcase domestic initiative—its youth employment proposal. That's too bad, because the measure shows a lot of promise.

The Administration is seeking $2 billion in the next two fiscal years to help disadvantaged young persons, whose unemployment rate has been running 30 per cent and higher. The funds would be divided between the Labor Department, which would provide education, work experience and job training for older youths no longer in school, and the new Education Department, which would furnish compensatory education and job training for junior and senior high school students in 3,000 of the country's poorest school districts.

While most Members of Congress fully support the goal of combating youth unemployment, many will be reluctant to set up a new program at a time when the Administration is proposing cutbacks in existing programs—almost certainly including education and jobs efforts—with established constituencies. Instead, they will push to divert the money for the new effort to existing programs targeted for cutbacks.

On top of this, many Members—most notably Rep. Augustus F. Hawkins, D-Calif., chairman of the Education and Labor Subcommittee on Employment Opportunities—have serious reservations about the Administration's proposal. They question whether legislation is really needed to achieve the main purpose of the proposal: forging closer links among schools, state and local governments, private industry and others.

Nor do Hawkins and other congressional critics believe that providing more money to schools offers much hope. They argue that schools, which have long received substantial federal assistance, have never been much help to low achievers. Rather than embarking on a new effort, the critics would prefer to continue existing youth programs that they say are effective and have promoted the necessary cooperation.

Even if Congress wants to authorize the Administration's youth program, it does not have much time to act. President Carter announced the program on Jan. 10, but the actual drafting of the legislation did not start until later, and the bill was not sent up to Capitol Hill until March 3.

Under the budget process, the House and Senate committees must report the bill by May 15—and, House aides said, the legislation should move even faster to provide ample time to appropriate funds. This does not leave much time to move a complex piece of legislation under the best circumstances.

Unless adopted this year, moreover, the proposal may never be enacted. It has attracted considerable interest primarily because it was developed by a task force headed by Vice President Walter F. Mondale and announced with great fanfare by Carter as the Administration's chief domestic proposal for this year. The measure is unlikely to receive such treatment the second time around.

There is much to be said for continuing existing programs rather than launching a new effort. In recent years, government jobs programs—serving both youths and adults—have been constantly disrupted by changes. The most sweeping overhaul was made in 1973 with the enactment of the Comprehensive Employment and Training Act (CETA). Most of the government's jobs efforts were consolidated in a decentralized system operated by state and local governments—called prime sponsors—under the supervision of the Labor Department.

With the onset of the recession, however, Congress in 1974 added a public jobs program that it revised two years later. The Youth Unemployment and Demonstration Projects Act, which set up a number of special youth programs and expires this year, came in 1977. And many other changes—including the creation of a private-sector initiative program to promote closer ties between prime sponsors and businesses—were made in 1978 when CETA was reauthorized.

On balance, however, the Administration's new program seems worth a try. There is evidence that its main approach—mobilizing schools, state and local governments, private industry, labor and community organizations in cooperative ventures—can work.

Unlike other federal education programs, the Administration's proposal would require individual schools to devise their own plans for helping low achievers—with the participation of key groups. "No other federal education program gives so much decision-making authority to local communities as this program would," an Administration official said. "Recent research shows that the most successful efforts are those that are designed and run by the same people."

Prime sponsors would be encouraged to cooperate with the schools. A specified amount of money—$150 million in fiscal 1982 when the program would become fully operational—would be awarded to prime sponsors with written agreements to cooperate with schools. Prime sponsors would also be required to give priority to students in schools that receive youth funds.

A cooperative effort of the sort intended to be promoted by the proposal seems to be succeeding at the G. W. Carver Comprehensive High School in Atlanta, Ga., whose students are almost entirely low-income blacks. "I've been to a lot of inner-city schools and I had a completely different feeling at Carver," said Nathaniel M. Semple, a minority aide to the House Education and Labor Committee. "The kids paid attention in class, there was no loitering and no broken glass scattered around. The atmosphere was tremendous."

Four years ago, a new principal, Norris L. Hogans, set up an advisory council with representatives from private industry, churches and government to improve the school and help it prepare students to hold jobs. The students are exposed to the world of work at local companies; more than 350 of the 1,200 students hold jobs during the school year.

As a result of the changes made in the last several years, Hogans said, attendance has improved and the drop-out rate has declined. "With the help of the private and public sectors," he said, "we've been able to turn the school around and make the quality of life better for the kids and the community." ☐

Senator **Nelson**. Thank you very much for your testimony and I appreciate all of you taking the time to come here and present your views on this proposed, this pending legislation; I am sorry that I do have another appointment. We will go through the record and may have some additional questions to ask.

Each of your prepared statements will be printed in the record.

At this point, I order printed in the record any additional statements and other pertinent material subsequently supplied for the record by interested parties.

I also order printed in the record information on the implementation of the private sector initiative program (PSIP), title VII of CETA. Reauthorization of this program, which expires on September 30, 1980, will be considered later this year.

[The following material was subsequently supplied for the record:]

United States Senate
COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, D.C. 20510

March 24, 1980

Hon. Gaylord Nelson, Chairman
Subcommittee on Employment, Poverty
  and Migratory Labor
Immigration Building - A 701
Washington, D.C. 20510

Dear Gaylord:

I am enclosing correspondence I have received from the Idaho Department of Education concerning migrant education programs, particularly with respect to employment.

Once again, the State of Idaho seems well ahead of the federal government in this area, and I know you will find this material of great interest. I am confident that you will take Idaho's efforts into account as the President's and other proposals in this field are considered, and I appreciate your consideration. Thank you.

With best wishes,

Sincerely,

Frank Church

Frank Church

Enclosures

STATE OF IDAHO
DEPARTMENT OF EDUCATION
LEN B. JORDAN OFFICE BUILDING
BOISE, IDAHO 83720

JERRY L. EVANS
STATE SUPERINTENDENT OF PUBLIC
INSTRUCTION

March 14, 1980

The Honorable Frank Church
U.S. Senator
Room 204
Russell Senate Office Building
Washington, DC 20510

Dear Senator Church:

Your inquiry regarding the Migrant Education Program's involvement with secondary students is sincerely appreciated.

Our feeling is, of course, that since the Migrant Program is already addressing the career awareness, job counseling and training and work experience needs of a number of Idaho minority youth, then capping Migrant Education Program funds would be at cross purposes with President Carter's goals, as outlined in his proposed Youth Education and Employment Iniative (YEEI).

Because funding for that program will key on the 20% of the nation's school districts that have the highest levels of poverty, then focusing on highest risk students must be the President's intention. Migrant children are very high risk students; their dropout rate nationwide is estimated at 90%.

Developing an effective program for addressing that dropout rate requires much time. A great deal of time and effort has already been invested in the development of programs for secondary migrant students. The Idaho Migrant Education Program has developed an integrated approach toward upgrading the skills of such students. Please see the enclosed summary of special programs for secondary students for specific details.

Our intent is not to refute the purpose of President Carter's program--our main concern is that monies to fund such a program are not taken from one that is, to a great extent, addressing the President's goals. We feel that no useful purpose would be served by "transferring" funds from a sound, effectively functioning program to one for which there is no guarantee of equal results. We believe that funds for such a transfer could be targeted for YEEI from programs with a poor track record rather than from the Migrant Education Program, which has a proven record.

We hope that the information included in this letter has answered your questions satisfactorily. We appreciate your continuing support of Migrant Education. Please do not hesitate to contact either of us, should more information be required.

Very truly yours,

Shirley Vendrell

ARDIS M. SNYDER, Coordinator, Migrant Education
SHIRLEY VENDRELL, Consultant, Migrant Education

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Enclosure

SPECIAL PROGRAMS FOR SECONDARY MIGRANT STUDENTS

The aim of the Migrant Education Program in Idaho is to improve the quality of education for migrant students. One of the ways in which this goal is being met is through a project involving the Vocational Education Special Needs branch of the state education system and the Comprehensive Employment and Training Act. Because of this project, migrant students are staying in school longer and receiving training and work experience that allows them to become more productive members of society as they become adults.

Although the special needs of secondary migrant students were addressed prior to September 1979, it was at that time that a Vocational-Special Needs Consultant was hired by the Migrant Education Resource Center in Nampa. The consultant is partially funded through Idaho Vocational Education-Special Needs and partially through the Migrant Education Program. The focus of his efforts is on addressing the staggering dropout rate among migrant students, and he attacks this problem from a number of angles. Through cooperative efforts with Vo-Ed and CETA people, the consultant is often able to place students in training programs or jobs that allow those migrant students to stay in school.

Often a migrant student drops school because he must help his family financially or he is frustrated by his failure in the traditional classroom setting. Another facet of the consultant's job is helping these students make realistic career decisions. The migrant student often needs help in analyzing his interests and abilities and in planning a program that will best serve his needs. The vocational consultant is also working very hard to build strong ties between school officials and the agencies with which he works.

In an effort to more efficiently promote a solid relationship between the schools and employment and training agencies, the vocational special needs consultant regularly attends the Area III Employment & Training Advisory Council (ETAC) meetings. By doing so, he can have some input into how the CETA program is implemented. CETA funds are allocated to all subsponsor agencies within the state from the Idaho Manpower Consortium, which, as the prime sponsor for the state, is responsible for all CETA monies allocated in Idaho. As the trend toward decentralization of responsibilities for using CETA monies continues, ETAC members and other concerned parties will have a greater voice in how the CETA program is operated.

There are several programs under the Vo-Ed-CETA banner that have grealty benefited migrant students. Many migrants are currently involved in the Comprehensive Occupational Assessment & Training System (COATS) underway in Nampa since last November. COATS is a nationally validated computer program that offers assessment and training in four core areas. The program is being funded by vocational Education and 33% of the participating students are migrants. COATS is being used mostly with high school students, to a lesser extent with junior high students and other potential students. Response to the program has been positive and additional funding beyond the current fiscal year is anticipated.

Another effective program for helping migrant students has been the Youth Employment & Training Program (YETP), sponsored by CETA. Some of the work experience opportunities offered are graphics, secretarial and clerical work, work with computers, and nurses aide experience. While not directly related to YETP, other students are being enrolled in vocational training programs in the area.

Still another vocational program is the Family Education Program, housed in Glasgow, Montana. The procedure used here is to place a needy family in a vocational training situation. Training for both husband and wife can be set up. Funding for families sent to the program may come from CETA, and may also include educational training, such as work towards a General Educational Development (GED) Certificate. The 32-week course has proved quite successful, both for needy migrant families and for other disadvantaged minorities.

Other work experience opportunities for migrants are being explored through a newly formed committee in the Nampa School District. The committee, which includes the MERC Educational Special Needs Consultant, is composed of school personnel involved in work experience programs which reach out into the community. The committee is interested in ensuring that a coordinated work experience effort be taken forth to the community. Through this coordinated effort, community public relations will be greatly enhanced. A key factor in the success of migrant students will be flexibility within the program. As this model concept is developed in Nampa, it is hoped that it may be expanded to include other school districts throughout southwestern Idaho. The aforementioned programs provide a foundation for expansion that must take place in a continuing effort to address the dropout rate among migrants. Funding is an issue. The prevailing feeling among those closest to the problem is that more attention must be paid to the junior high students. Work experience and special training programs within the school structure can tremendously enhance the tattered self concept of potential dropouts. They must be motivated before it's too late. Other possibilities for the future include enlarging the high school credit program for on-the-job- training, sponsoring career awareness presentations for migrant students, and involving computers in the educational experience of the migrant.

A strong case for computer programs can be built. They are effective in remediation and skill building and can be used for training in areas such as electronics, mathematics, computer programming, etc. Most importantly, the computer can be a tremendous motivator. A student with problems in the classroom can be very productive working with a computer.

It is this productivity that we need from migrant students; otherwise an enormous national resource is being wasted. Our educational system must be productive if we are to maintain the society we have struggled so hard to develop. Certainly, an educational dropout is a potential burden on the taxpayer. To avoid this burden, our educational system must allow for restructure to provide the necessary training to enable migrants and other disadvantaged minorities to become productive members of society.

MIGRANT EDUCATION

THE IDAHO STORY

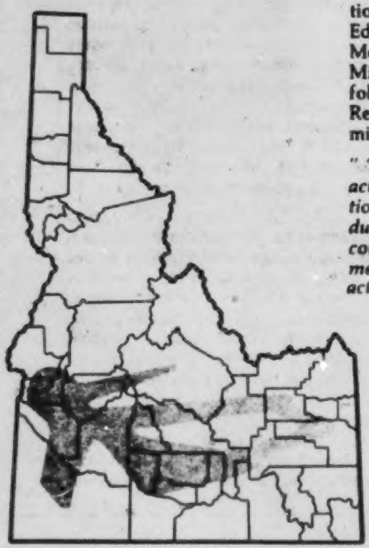
The Idaho Story

No story of Idaho is complete without mention of the migratory farm workers. Their contributions to the economic well-being of the state each year are enormous because such a large part of the Idaho economy is the agricultural industry. The state leads the nation in the production of potatoes. Idaho ranks second nationally in the production of dry peas and alfalfa seed; third in hops, mint, dry beans, and barley; and fourth in the production of sugar beets. The list goes on and on, underscoring the fact that Idaho could not exist as we know it today without its agricultural production. Carrying that line of reasoning a step further, Idaho could not survive economically without the help of the migratory farm worker.

And what is the fate of these workers who perform such invaluable services for betterment of modern Idaho? Theirs is a hard lot, as they travel from field to field to give themselves to grueling physical labor for as long as they are able. Life expectancy for the migrant laborer is 49 years, while he earns barely $3000 a year. His children more often than not fail to complete enough schooling to escape this bleak lifestyle. And it is this vital area—education—that Idaho can offer the migrant worker just compensation for his labors. It is through the state migrant education program that migrant workers' children, the most educationally deprived group of students in the country, can be offered a better way of life.

To this end, Title I ESEA Migrant Education funds are allocated. These funds are received in the Idaho State Department of Education, Division of Federal Programs, and are based on the number of children enrolled in the Migrant Student Record Transfer System (MSRTS) who are served by Idaho schools.

Definition



Idaho Intrastate Migrant Movement Patterns

Guidelines for determining eligibility for migrant child status are found in the Code of Federal Regulations, Section 45, Part 116d, "Grants to State Educational Agencies for Programs to Meet the Special Educational Needs of Migratory Children", May, 1979. The following definitions from the Federal Regulations are relevant when determining migrant status:

" 'Agricultural activity' means (i) any activity directly related to the production or processing of crops, dairy products, poultry, or livestock for initial commercial sale or as a principal means of personal subsistence, (ii) any activity directly related to the cultivation or harvesting of trees, (iii) or any activity directly related to fish farms."

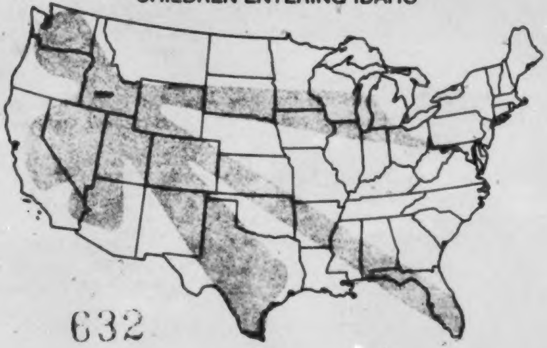
"A 'currently migratory child' means a child (i) whose parent or guardian is a migratory agricultural worker or a migratory fisher; and (ii) who has moved within the past 12 months from one school district to another--or in a State that is comprised of a single school district, has moved from one school administrative area to another--to obtain temporary or seasonal employment in an agricultural or fishing activity. This definition includes a child who has been eligible to be served under the requirements in the preceding sentence, and who, without the parent or guardian, has continued to migrate annually to enable him or her to secure temporary or seasonal employment in an agricultural or fishing activity."

There are two classifications of migrant students in this definition. An "interstate migratory child" means a child who has moved with a parent or guardian within the past year across state boundaries in order that a parent, guardian, or member of his immediate family might secure temporary or seasonal employment in an agricultural or fishing activity. An "intrastate migratory child" means a child who resides in a state full time and who has moved with a parent or guardian within the past year across school district boundaries within that state in order that a parent, guardian or member of his immediate family might secure temporary or seasonal employment in an agricultural or fishing activity.

In 1979, approximately 52% of the migrant children in Idaho were classified as interstate migratory students. These students came from 36 states, with Texas, California, Arizona, Oregon, Washington, and Florida being the primary "sending" states. Intrastate migrant students comprised 14% of the migrant student population, so that 66% of these students were "currently migratory". The remaining students on migrant roles, 34%, were classified as "formerly migratory".

"A 'formerly migratory child' means (i) a child who was eligible to be counted and served as a currently migratory child within the past five years, but is not now a currently migratory child; lives in an area served by a migrant education project; and has the concurrence of his or her parent or guardian to continue to be considered a migratory child. (ii)There is a total of six years of program eligibility--a one year status as a 'currently migratory child' and up to five additional years as a 'formerly migratory child."

GENERAL PATTERNS OF MIGRANT
CHILDREN ENTERING IDAHO



National Goals

It is the goal of the national migrant education program to establish or improve supplemental programs of instruction and supportive services for the children of migratory workers in agriculture and fishing. The mobility of migratory children requires agreement among states in the development of comprehensive national goals; consequently, each state is responsible for developing a state plan for migrant education which reflects the national goals. Local project objectives in turn provide a base for project activities which fulfill state objectives and national goals.

The national goals are, therefore, the basis upon which the educational continuity of migratory children is assured. While individual state situations may alter the emphases of these goals, a comprehensive migrant education program would be impossible to implement without these guidelines. The national goals as outlined below call for:

**Specifically designed curricular programs in academic disciplines based upon migrant children's assessed needs.*

**Success oriented academic programs, career options and counseling activities, and vocational skills training that encourage migrant children's retention in schools and contribute to success in later life.*

**Communication skills programs which reflect migrant children's linguistic and cultural backgrounds.*

**Supportive services that foster physical and mental well-being, when necessary for migrant children's successful participation in the basic instructional programs, including dental, medical, nutritional, and psychological services.*

**Programs developed through interagency cooperation at the federal, state, and local levels.*

**A component for meaningful migrant parent involvement in the education of their children and in which the cooperative efforts of parents and educators will be directed toward the improvement of the migrant children's academic and social skills.*

**Staff development opportunities that increase staff competencies in the cognitive, psychomotor and affective domains.*

**A component to properly identify and enroll all eligible migrant children.*

**Preschool and kindergarten programs designed to meet migrant children's developmental needs and prepare them for future success.*

**Development, evaluation, and dissemination of information designed to increase knowledge of: program intent; intra- and interstate program development; contribution of migrants to the community; and total effect of the program.*

**The assurance that sequence and continuity will be an inherent part of the migrant child's total education program through: the development of a system which should facilitate the exchange of methods, concepts, and materials; and the effective use of the MSRTS component for inter- and intrastate communication in the exchange of student records.*

Related to the aforementioned national guidelines, the following are priorites of the Idaho migrant program as expressed in the project proposal prepared by the staff of the Migrant Section of the State Department of Education:

**To serve the interstate, intrastate, or 5-year provisional migrant children who are in Idaho during the regular school term or summer months.*

**To cooperate with the Migrant Student Record Transfer System, and provide leadership to the LEA 's in utilizing all information available on the records.*

**To continue to provide leadership in all levels of interstate cooperation.*

**To continue to provide leadership in assessing the cultural and linguistic backgrounds of the migrant children and to provide supplementary educational services appropriate to meet the individual needs, including those of children who do not speak English or those who have limited English language skills.*

**To provide leadership for effective parent involvement throughout the Idaho Migrant Program.*

**To continue to develop additional leadership through the Migrant Education Resource Centers.*

**To strive for continuous SDE and LEA staff development.*

Educational Services

The State Department of Education encourages parents to become involved in the planning, implementing, and evaluating of migrant education programs by means of Parent Advisory Committees. Reasons for this involvement are many; for instance, parents have the responsibility to see that schools meet the needs of their children. Communication and cooperation between parents and schools tend to help identify specific student needs; this facilitates improved student performance levels. Parent involvement also helps to enrich the curriculum, and helps to further integrate the migrant family into the community.

To assist the State Department of Education staff in providing extended services to school districts serving migrant students, the State Department has established two Migrant Education Resource Centers, in Nampa and in Rupert. These resource centers are funded through separate applications with sponsoring school districts which serve only as fiscal agents.

Each resource center provides an MSRTS terminal location; bilingual personnel to assist with curriculum consultation; identification and recruitment personnel; local production services including graphic arts, printing, and photography; a curriculum library; and nutrition and vocational education consultants.

Idaho migrant programs are currently operating in 32 school districts statewide. The Idaho State Department of Education provides leadership as local school districts plan and implement supplemental instructional programs appropriate to the special needs of migrant children. These programs are offered during the regular school

term as well as during the summer months. Idaho schools provided educational services for approximately 10,000 migrant students during the 1979 fiscal year.

To implement a migrant education program, a school district must prepare and submit an approvable project application each year. The application is approved and monitored by the migrant staff of the State Department of Education. The migrant population in Idaho is mainly Mexican-American, although Anglo, Laotian, Navajo, etc., children are also eligible for migrant status. As such, each local program hires bilingual professional and/or nonprofessional staff to help with such academic skills as oral language development, reading, and math. In addition, each district employs a home-school coordinator who understands the migrant lifestyle, who identifies and recruits migrant students, and who can act as liaison between migrant families and the school system.

Programs vary from district to district, but around 30 summer school programs with participating students from 40 school districts are in operation each year. These programs emphasize basic academic skills and are aimed at children between the ages of 5 and 13. Evening teenage programs are offered at four sites. Driver education, communication skills, and vocational classes--including home economics, typing, welding, auto mechanics, etc.--are strong components of programs for teenagers who have been in the fields all day. Each summer, more secondary students are earning credit toward high school graduation; some are looking toward college. Reducing the dropout rate is a prime concern of all migrant educators.

The Migrant Student Record Transfer System.

About the MSRTS:

The Migrant Student Record Transfer System (MSRTS) was developed in 1968 to help provide accurate, up-to-date information about the health and academic status of migrant children. The program began serving students in six states but has grown enormously since then. Eleven years later, the system has grown to the point where it serves 625,000 migrant children throughout 48 states and Puerto Rico. Data on more than 1 million students have passed through the MSRTS computer since the inception of the program. MSRTS is headquartered in Little Rock, Arkansas, and is being implemented by the Arkansas State Department of Education under contract to the U.S. Office of Education.

How It Works:

MSRTS is a computerized data system which will provide educational and health information on any migrant child to any participating state within 24 hours. Each state is linked to the computer bank via teletype terminals. Idaho terminals are located in Nampa and Rupert at the state's two migrant education resource centers. Each MSRTS terminal is operated by a person responsible for receiving and transmitting the relevant data. This link between the local operator and the Little Rock data bank is essential to the success of the system.

Local school officials and classroom teachers also play a critical role in the maintenance of proper communication with the national headquarters. The local people initiate the communication process by filling out the standardized MSRTS transfer forms. In Idaho, each resource center employs an

identification and recruitment-MSRTS consultant who helps familiarize local educators with encoding techniques and system updates. This is usually done through periodic workshops and individual orientation sessions. This consultant is also someone who is familiar with the migrant lifestyle and can act as a liaison between migrant families and the local school personnel.

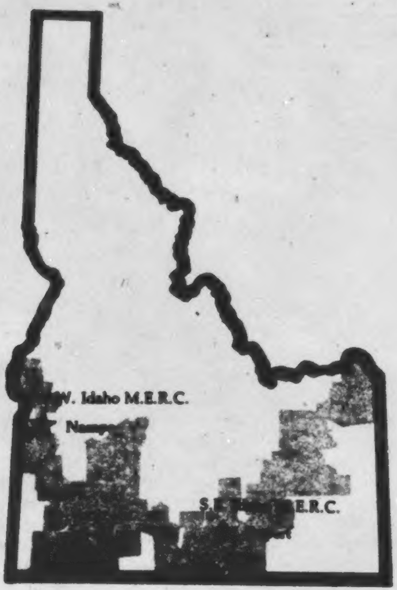
New Developments:

The growth of the MSRTS has caused an expansion of services offered by the program. Qualified migrant students may now receive information about job placement or opportunities in higher education through the MSRTS. Information is also offered to migrant parents about the importance of securing a good education.

Great improvements are also being made in the area of student assessment. MSRTS officials have developed standardized skills lists that can be used for placement in any of the more than 17,000 schools that use the system. The skills lists measure students in four categories: reading, math, oral language development, and early childhood education.

The Importance of MSRTS:

Approximately 90% of the migrant students of this nation never graduate from high school. In the past two years, however, 8,844 migrant students have graduated. Many may not have received their diplomas had it not been for MSRTS. The offerings of this system can give migrant students the necessary educational and health services to build a better tomorrow for themselves and for America.



**Districts Served
by the S.W. Idaho M.E.R.C.**

Nampa #131
Caldwell #132
Wilder #133
Notus #135
Parma #137
Canyon #139
Glenns Ferry #192
Mountain Home #193
Emmett #221
Marsing #363
Bruneau - Grandview #365
Homedale #370
Payette #371
New Plymouth #372
Wieser #431

**Districts Served
by the S.E. Idaho M.E.R.C.**

Snake River #52
Blackfoot #55
Aberdeen #58
Firth #59
Shelley #60
Idaho Falls #91
Cassia County #151
Fremont County #215
Jefferson County #251
Jerome #261
Valley #262
Minidoka County #331
American Falls #381
Twin Falls #411
Buhl #412
Filer #413
Murtaugh #418

★ An M.S.R.T.S. Terminal is located at each M.E.R.C.

Giant strides are being made to make the "Idaho Story" as it pertains to migrant education a story with a happy ending. That task is a monumental one, however, and much work still needs to be done. For each migrant student who successfully completes high school, several more fall by the wayside and back into a lifestyle from which there is no escape. The education of these children must be of increasing concern to all Idahoans. Neither token acknowledgement nor benign neglect is the answer to those who have given so much and received so little in return.

This publication is financed by funds provided by the Division of Education for the Disadvantaged, U.S. Office of Education. However, the opinions expressed herein do not necessarily reflect the position or policy of the U.S. Office of Education, and no official endorsement by the U.S. Office of Education should be inferred.

Federal law prohibits discrimination on the basis of race, color, religion, sex, national origin, age, or handicap in any educational programs or activities receiving federal financial assistance. (Title VI and VII of the Civil Rights Act of 1964; Title IX of the Educational Amendments of 1972; and Section 504 of the Rehabilitation Act of 1973)

It is the policy of the Idaho State Department of Education not to discriminate in any educational programs or activities or in employment practices.

Inquiries regarding compliance with this nondiscriminatory policy may be directed to Jerry L. Evans, State Superintendent of Public Instruction, Len B. Jordan Building, Boise, Idaho 83720, (208) 334-3301, or to the Director of the Office for Civil Rights, Department of Education, Washington, D.C.

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SOUTHEASTERN IDAHO
MIGRANT EDUCATION RESOURCE CENTER

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Acting Director, Migrant Education Division

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Migrant Teenagers

Help keep them in school!

DID YOU KNOW....

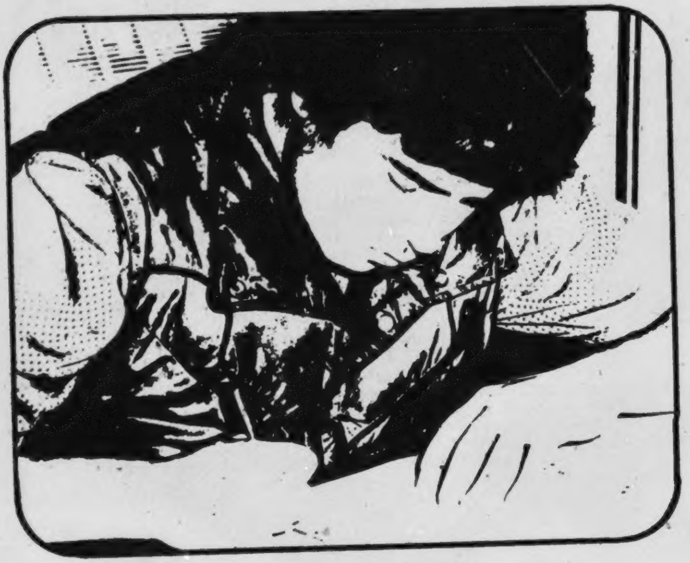
- Approximately 90% of the migrant students of this nation never graduate from high school.
- Migrant families move on the average of 3 to 5 times a year; consequently, the children are never in one school long enough to have a chance to really integrate what they learn.
- Graduation requirements vary in different districts and states.
- Partially completed classes which students leave behind do not count as credits toward graduation.

Migrants in Idaho

Idaho's economy could not exist as we know it today without agricultural production and migratory farm workers. Underscoring this is the fact that Idaho leads the nation in the production of potatoes; ranks second nationally in the production of dry peas and alfalfa seed; third in hops, mint, dry beans, and barley; and fourth in the production of sugar beets.

The Idaho Migrant Program

Idaho migrant programs are currently operating in 32 school districts statewide. The Idaho State Department of Education provides leadership as local school districts plan and implement supplemental instructional programs appropriate to the school needs of migrant children. These programs are offered during the regular school term as well as during the summer months. Idaho schools provided educational services for approximately 10,000 migrant students during the 1979 fiscal year.



Inter-District Communications

Inter-district lines of communication can best be accomplished within CREDIT ACCRUAL and the MIGRANT STUDENT RECORD TRANSFER SYSTEM.

MSRTS Credit Accrual

The Credit Accrual of the MSRTS Uniform Migrant Student Educational Transfer Form offers the teacher much background information into the general scope of subject matter and areas of achieved weeks of credit. Through proper planning of the course offering and positive exposure to the information, the child, even though very mobile, can accrue credits necessary for high school graduation.

The Migrant Student Record Transfer System

MSRTS is a computerized data system which will provide educational and health information on any migrant child to any of the 48 participating states within 24 hours. Each state is linked to the computer bank in Little Rock, Arkansas, via teletype terminals.

Idaho terminals are located in Nampa and Rupert at the state's two migrant education resource centers.

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STATEMENT OF GOVERNOR J. JOSEPH GARRAHY
OF RHODE ISLAND
CHAIRMAN, NATIONAL GOVERNOR'S ASSOCIATION
COMMITTEE ON HUMAN RESOURCES

CONCERNING PROPOSED YOUTH LEGISLATION
AND
SENATE BILL S. 1312 WELFARE REFORM

SUBMITTED TO THE SUBCOMMITTEE ON EMPLOYMENT,
POVERTY, AND MIGRATORY LABOR OF THE
SENATE LABOR AND HUMAN RESOURCES COMMITTEE
SENATOR GAYLORD NELSON, CHAIRMAN

THE NATIONAL GOVERNORS' ASSOCIATION SUPPORTS THE BASIC THRUST OF BOTH PIECES OF LEGISLATION, AND BELIEVES THAT BOTH ARE ENACTABLE, EVEN IN A YEAR OF GREAT BUDGETARY CONCERNS. PROGRAMS THAT PUT PEOPLE TO WORK, THUS CREATING PRODUCTIVE, TAXPAYING MEMBERS OF SOCIETY ARE ANTI-INFLATIONARY IN NATURE.

SPECIFIC POINTS ON THE YOUTH EMPLOYMENT LEGISLATION:

- WE AGREE WITH THE SUPPORT FOR STATE AND LOCAL DECISION-MAKING INHERENT IN THE SPECIAL INCENTIVE FUNDS, BUT FEEL THAT THE LEGISLATION NEEDS TO BE MORE SPECIFIC ON ITS NOTIFICATION PROCESS, AND THAT MULTI-YEAR FUNDING SHOULD BE AVAILABLE.
- WE DO NOT SEE WHY THE EDUCATION COOPERATIVE INCENTIVE GRANTS NEEDS TO BE A SEPARATE COMPETITION. WE WOULD PREFER THAT IT FUNCTION MUCH THE SAME AS THE CURRENT 22 PERCENT SET-ASIDE UNDER CETA YOUTH PROGRAMS.
- WE SUPPORT PERFORMANCE STANDARDS, BUT PREFER TO SEE THEM IN THE FORM OF STATE AND LOCAL STANDARDS DEVELOPED WITHIN FEDERALLY-SPECIFIED GUIDELINES.
- WE ARE PLEASED WITH THE EMPHASIS PLACED ON THE ROLE OF THE GOVERNORS' STATEWIDE GRANTS. CURRENT STATEWIDE MONIES ARE BEING USED IN MANY STATES TO ENHANCE COOPERATION BETWEEN THE EDUCATION AND THE EMPLOYMENT AND TRAINING SYSTEMS; THE PROGRAMS ARE EFFECTIVE AND SHOULD BE CONTINUED.

SPECIFIC POINTS ON THE JOBS COMPONENT OF WELFARE REFORM (S. 1312).

- FUDNING OF THE GOVERNORS TO CARRY OUT JOB SEARCH ASSISTANCE RECOGNIZES THE ROLE OF THE STATE AS A PAYOR OF CASH ASSISTANCE AND A COORDINATOR OF AGENCIES AND PROGRAMS WITHIN THE STATE.

- THE LEGISLATION SHOULD SPECIFY A GUARANTEE TO THE STATE (OR TO THE PRIME SPONSOR SYSTEM FOR THE PURPOSES OF PSE AND TRAINING) FOR SUFFICIENT FUNDS TO CARRY OUT THE PROGRAM. THIS IS NOT THE SAME AS REQUESTING AN ENTITLEMENT TO THE INDIVIDUAL FOR THE SLOT.

- THE CAP IN SECTION 264 SHOULD BE ON ADMINISTRATIVE COSTS ONLY. THERE SHOULD BE NO CAP ON TRAINING; THE MIX OF TRAINING AND PSE SHOULD BE BASED ON THE NEEDS OF THE INDIVIDUAL CLIENT.

- THE LENGTH OF THE JOB SEARCH PERIOD SHOULD BE MORE FLEXIBLE, SUITING INDIVIDUAL, GEOGRAPHICAL, AND SEASONAL NEEDS.

- THE COORDINATION OF PROGRAM AGENTS REQUIRED UNDER THIS LEGISLATION YET AGAIN POINTS UP THE NEED FOR CONGRESS TO CONSIDER REWRITING THE 45-YEAR-OLD WAGNER-PEYSER ACT.

- WELFARE REFORM JOBS SHOULD ALL BE CONTAINED IN ONE PART OF THE CETA LAW, AND SHOULD NOT BE DRAWN IN BITS AND PIECES FROM OTHER PARTS OF CETA.

Mr. Chairman, and other members of this committee thank you for the opportunity to appear before you today to address two separate but interrelated issues that continue to bedevil all of us. Both issues, a jobs component of welfare reform and the reauthorization of the Youth Title of the CETA legislation, share a fundamental worthwhile thrust that cannot be ignored; both seek to be preventive in nature. We are all too familiar with the results of the lack of preventive intervention strategies: long-term dependence on income maintenance programs, and individuals ill equipped to compete in the labor market due to lack of basic education and occupation skill. Other outcomes are faced in local and state budget offices, chief executive offices and legislative bodies. Resources of the state and local level, alone, insufficient to finance preventive programs to solve the problems of certain segments of our society. The strategies must be national in scope--local in implementation.

Governor Nelson, if it is agreeable with you I will divide this testimony into two distinct parts. The first portion will focus on the youth proposal you just recently received and the second on the jobs component of welfare reform.

Prior to my detailed remarks, let me thank the committee for allowing this combined testimony. Mr. Chairman, you will remember the demands on the state executive office during

LEGISLATIVE SESSIONS. THIS IS MY CURRENT RHODE ISLAND SITUATION. HOWEVER, IN NO WAY DOES THE REQUEST FOR COMBINED TESTIMONY REFLECT A LACK OF COMMITMENT ON THE PART OF THE HUMAN RESOURCES COMMITTEE OF THE NATIONAL GOVERNORS' ASSOCIATION, WHICH I CHAIR, TO EITHER ISSUE. IF TIME WERE NOT SUCH A PRECIOUS COMMODITY I WOULD HAVE ENJOYED THE PRIVILEGE OF HAVING THE CHAIR OF THREE SUBCOMMITTEES OF OUR HUMAN RESOURCES COMMITTEE WITH ME TODAY; GOVERNOR HUGH CAREY OF NEW YORK IS THE CHAIR OF OUR INCOME MAINTENANCE COMMITTEE, GOVERNOR JOE TEASDALE OF MISSOURI IS THE CHAIR OF OUR EMPLOYMENT AND TRAINING SUBCOMMITTEE, AND GOVERNOR AL QUIE, WHOM YOU ALL KNOW, FROM MINNESOTA, THE CHAIR OF OUR EDUCATION SUBCOMMITTEE COLLECTIVELY WOULD HAVE ENRICHED THIS TESTIMONY. AS CHAIR OF THE FULL COMMITTEE, I WILL CULL FROM EACH SET OF CONCERNS OF THE SUBCOMMITTEES. IN ADDITION, I HAVE BROUGHT WITH ME COPIES OF TESTIMONY FROM GOVERNOR TEASDALE ON THE WELFARE REFORM PROPOSAL, WHICH IF AGREEABLE WITH YOU, WE WOULD LIKE TO INSERT INTO THE RECORD.

REGARDING THE PROPOSED YOUTH INITIATIVES, LET ME, FIRST, NOTE THAT THE ADMINISTRATION'S PROPOSAL IN LARGE MEASURE COMPLEMENTS THE EMPLOYMENT AND TRAINING POLICY POSITION ADOPTED BY OUR ASSOCIATION ALMOST A YEAR AGO. I HAVE ATTACHED THAT POLICY POSITION FOR YOUR PERSUAL. IN ADDITION, WE HAVE ATTACHED A DETAILED LINE BY LINE ANALYSIS OF THE JOBS COMPONENT OF WELFARE REFORM PREPARED BY GOVERNOR TEASDALE'S COMMITTEE. WE AS GOVERNORS ARE DEEPLY CONCERNED ABOUT THE CRITICAL PROBLEMS OF YOUTH UNEMPLOYMENT AND ILLITERACY. THESE

PROBLEMS OFFER EXTRAORDINARY CHALLENGES TO BOTH OUR EDUCATION AND OUR EMPLOYMENT SYSTEMS. WE WISH TO COMPLIMENT THE VICE PRESIDENT'S TASK FORCE ON YOUTH UNEMPLOYMENT, WHICH INSISTED ON WIDE INVOLVEMENT FROM ALL SECTORS OF THE COUNTRY - STATE AND LOCAL GOVERNMENTS AND EDUCATION AGENCIES, LABOR, AND YOUTH THEMSELVES. THIS WIDE INVOLVEMENT HELPED IDENTIFY CRITICAL GAPS IN OUR ASSISTANCE TO POOR AND MINORITY YOUTHS. THE TASK FORCE FOUND, AND WE AGREE, THAT THERE IS A DUAL PROBLEM OF UNEMPLOYMENT AND LACK OF COMPETENCY IN THE BASIC SKILLS OF READING, WRITING, AND ARITHMETIC. THEREFORE, ANY YOUTH INITIATIVE MUST ADDRESS BOTH PROBLEMS. THE ADMINISTRATION'S INITIATIVES, ADMITTEDLY COMPLEX IN THEIR ADMINISTRATION OF PROGRAMS THROUGH GRANTS TO SOME 3,000 LOCAL EDUCATIONAL AGENCIES AND 473 CETA PRIME SPONSORS, DOES ATTEMPT TO DEAL WITH BOTH PROBLEMS. ONE OF THE BEST FEATURES OF THE COMBINED THRUST, WE BELIEVE, IS THAT MONEY IN THE PROPOSED TITLE II OF THE BILL IS TO BE TARGETED TO THE YOUNGER POPULATION IN THE JUNIOR HIGH AGE RANGE. EMPLOYMENT AND TRAINING DOLLARS SHOULD FOCUS ON AN OLDER TEEN-AGE POPULATION. INADEQUATE ATTENTION HAS BEEN GIVEN TO OUR YOUNGER TEENAGERS. WE APPLAUD BOTH THIS ATTEMPT AND THE ADMINISTRATION'S PROPOSAL FOR A YEAR OF PLANNING BEFORE IMPLEMENTATION BUT WE ARE DEEPLY CONCERNED THAT PROVISION FOR FORWARD FUNDING IS NOT INCLUDED IN THE LABOR INITIATIVE AS IT IS IN THE EDUCATION COMPONENT.

THE REST OF MY REMARKS WILL FOCUS PRIMARILY ON THE LABOR COMPONENT OF THE PROPOSAL. LAST WEEK, MEMBERS OF THE NGA

EDUCATION SUBCOMMITTEE, CHAIRED BY GOVERNOR QUIE, REVIEWED THE EDUCATION COMPONENT AND WILL TRANSMIT THEIR ANALYSIS UNDER SEPARATE COVER TO SENATOR PELL'S COMMITTEE. WE WILL ALSO SEND MEMBERS OF THIS COMMITTEE COPIES OF THAT ANALYSIS.

OUR CONCERNS REGARDING THE LABOR COMPONENT ARE NOT MAJOR. THE DEPARTMENT OF LABOR HAS MADE MANY EXCELLENT PROPOSALS IN THE DRAFTING. FIRST TO BE APPLAUDED IS THE CONSOLIDATION OF THREE CATEGORICAL PROGRAMS PLUS THE REDUCTION OF THE ATTENDENT PAPERWORK. SECOND IS THE COMMITMENT TO STRENGTHEN THE PRIME SPONSOR NETWORK THROUGH THE SPECIAL INCENTIVE GRANT MECHANISM. WHILE OUR PREFERENCE IS AND WILL CONTINUE TO BE THAT THE BULK OF MONIES SHOULD GO OUT THROUGH FORMULA BLOCK GRANTS, WE MUCH PREFER THE INHERENT SUPPORT OF THE STATE AND LOCAL DECISION MAKING PROCESS IMPLIED IN THE "CARROT APPROACH" OF THE SPECIAL INCENTIVE FUNDS. WE BELIEVE SUCH AN APPROACH CAN MESH NATIONAL PRIORITIES WITH STATE AND LOCAL IMPLEMENTATION MECHANISMS. THERE ARE, HOWEVER, THREE NOTES OF CAUTION.

- FIRST, WE ARE CONCERNED ABOUT THE LACK OF A SPECIFIC TIME COMMITTMENT IN THE PROPOSED LEGISLATION AS TO WHEN THE SECRETARY SHALL NOTIFY, THROUGH THE FEDERAL REGISTER, THE PRIME SPONSOR NETWORK AS TO WHAT THE PRIORITIES WOULD BE AND WHAT DOLLAR LEVEL WOULD BE AVAILABLE. THE FEDERAL BUREAUCRACY HAS UNFORTUNATELY BEEN NOTORIOUSLY SLOW IN SUCH ANNOUNCEMENTS IN THE PAST AND IT WOULD BE ESSENTIAL TO PLACE IN THE LAW THE DATE SUCH INFORMATION WOULD BE MADE KNOWN. WE

WOULD SUGGEST THAT LANGUAGE SIMILAR TO TITLE I, SECTION 104 (E)(1) STATING THAT THE INFORMATION WILL BE AVAILABLE BY MAY 15.

- PUBLICATION OF AVAILABLE DOLLAR AMOUNTS AND PRIORITIES IS BUT ONE PART OF OUR CONCERN. IT WILL ALSO BE ESSENTIAL TO ASSURE THAT PROJECT DOLLARS BE AVAILABLE FOR MORE THAN ONE YEAR AT A TIME. IT IS UNREALISTIC TO ASSUME THAT WITHIN A TWELVE MONTH TIME FRAME IT WOULD BE POSSIBLE TO LAUNCH A PROGRAM AND GENERATE INSTANTANEOUS POSITIVE RESULTS. FOR EXAMPLE, WE ARE ALL AWARE OF THE UNFORTUNATE FACT THAT SOME YOUNG PEOPLE IN THIS POPULATION GROUP ARE SUBSTANCE ABUSERS. MANY ARE IN ONE FASHION OR ANOTHER INVOLVED WITH THE CRIMINAL JUSTICE SYSTEM. MESHING OTHER FEDERAL, STATE, AND LOCAL RESOURCES AVAILABLE TO ADDRESS SUCH ISSUES COGENTLY WHILE SIMULTANEOUSLY INTRODUCING A MEANINGFUL EMPLOYMENT AND TRAINING ACTIVITY TAKES TIME. MULTI-YEAR FUNDING WILL BE ESSENTIAL.

- THE THIRD NOTE OF CAUTION FOCUSES ON A COMBINED ISSUE WITH THE PROPOSED EDUCATION COOPERATIVE INCENTIVE GRANT. IF OUR CALCULATIONS ARE CORRECT, THE TWO CATEGORIES OF FUNDING ARE 37% OF THE TOTAL PROPOSED ALLOCATIONS. WE ARE CONCERNED THAT ALL THE TIME OF THE STATE AND LOCAL PRIME SPONSORS NOT BE SPENT "CHASING" THE FEDERAL GRANTS JUST TO MAINTAIN LOCAL FUNDING ALLOCATIONS.

ONE FINAL NOTE ON THE SPECIAL INCENTIVE GRANT. WE ARE PARTICULARLY PLEASED TO NOTE THE DEPARTMENT'S REFERENCE TO THE GOVERNORS' SPECIAL STATEWIDE SERVICES UNDER THE PROPOSED INCENTIVE GRANTS. LET ME EXPLAIN WHY. AN UNFORTUNATE DECISION WAS MADE IN THE DEPARTMENT DURING THE LAST TWO YEARS REGARDING DISPLACED HOMEMAKERS PROGRAMS. A DECISION WAS MADE THAT STATES COULD NOT APPLY FOR DISCRETIONARY FUNDS UNDER THE NATIONAL SET-ASIDE DOLLARS PLUS STATE GENERAL FUNDS FOR DISPLACED HOMEMAKER PROGRAMS. SUCH A DECISION DIRECTLY VIOLATED COMMON SENSE AND THE MAXIMUM UTILIZATION AND NON-DUPLICATION OF AVAILABLE RESOURCES.

LET ME NOW SPEAK TO EDUCATION COOPERATIVE INCENTIVE GRANTS. WE ARE HARD PRESSED TO UNDERSTAND WHY THIS MONEY NEEDS TO BE SEPARATELY ALLOCATED THROUGH COMPETITIVE GRANTS. OUR PREFERENCE IS THAT THE EDUCATION COOPERATIVE INCENTIVE GRANT WOULD BE A SET-ASIDE IN THE BASIC GRANT SIMILAR TO THE CURRENT EDUCATION SET-ASIDE. OUR REASON FOR THIS IS BASED ON THE ACTUAL EXPERIENCE OF YCCIP, STIP AND HIRE II. THEY BECOME, FOR ALL PRACTICAL PURPOSES, ONLY ADDITIONAL PAPER EXERCISES NOT REAL COMPETITIVE GRANTS.

LET ME NOW FOCUS ON PROGRAMS AND INDIVIDUAL PERFORMANCE STANDARDS IN THE PROPOSAL. WITH SOME CAUTION, WE ARE SUPPORTIVE OF THE CONCEPT. WE WOULD NOT LIKE TO SEE ANY MORE SPECIFICITY THAN IS CURRENTLY PROPOSED IN THE DRAFT LEGISLATION. WE ARE FULLY AWARE THAT IT IS NOT UNREASONABLE FOR YOU AS MEMBERS OF CONGRESS TO EXPECT SOME PERFORMANCE ACCOUNTABILITY IN 100% FEDERALLY FINANCED PROGRAMS. GOVERNORS AND STATE

LEGISLATIVE BODIES HAVE HAD A GREAT DEAL OF EXPERIENCE WITH COMPETENCY TESTING AND SIMILAR ACCOUNTABILITY SYSTEMS. RESULTS ARE JUST BEGINNING TO EMERGE ON WHAT WORKS AND DOESN'T WORK. THE FEDERAL GOVERNMENT SHOULD NOT MANDATE UNIFORM PERFORMANCE STANDARDS, BUT SHOULD LOOK TO THE STATES TO DEVELOP THEIR OWN SYSTEMS BASED ON CURRENT EXPERIENCE AND BROADLY-STATED FEDERAL GUIDELINES.

OUR ASSOCIATION, IN CONCERT WITH SEVERAL EDUCATION-BASED ORGANIZATIONS AND UNDER CONTRACT WITH DOL, WILL BE DOCUMENTING THE STATE OF THE ART REGARDING PERFORMANCE STANDARDS FOR INDIVIDUALS AND PROGRAMS, THE AWARDING OF ACADEMIC CREDIT ISSUES, THE ANALYSIS OF EMPLOYABILITY READINESS MODELS, AND A VARIETY OF OTHER EDUCATION/EMPLOYMENT CERTIFICATION AND STANDARD SETTING ISSUES. WE ARE KEENLY AWARE THAT MUCH WORK REMAINS TO BE DONE AND, THEREFORE, WOULD URGE YOU TO ACCEPT THE SUGGESTION OF THE ADMINISTRATION THAT CRITERIA NOT BE FIRMLY SET IN LAW BUT PUBLISHED IN THE FEDERAL REGISTER AS MORE AND BETTER DATA IS GENERATED FOR USE BY STATE AND LOCAL OFFICIALS.

IN REGARD TO BENCHMARKING CONCEPTS, WE BASICALLY FAVOR THE CONCEPT, BUT WE RECOGNIZE THAT THE INFORMATION MUST NOT BE USED AGAINST THE INDIVIDUAL.

ELIGIBILITY CRITERIA IS YET ANOTHER ISSUE YOU ASKED US TO COMMENT UPON. OUR POLICY POSITION CALLS FOR ONE COMMON CRITERIA PLUS A SET-ASIDE FOR SOME NON-INCOME-TARGETED YOUTH.

THE ADMINISTRATION'S PROPOSAL BASICALLY REFLECTS SUCH A POSITION. WE HAVE NOT YET HAD AN OPPORTUNITY TO ANALYZE ENOUGH DATA TO DETERMINE AT WHAT LEVEL OF THE BLS LOWER LIVING STANDARD ELIGIBILITY FOR THESE YOUTH EMPLOYMENT AND TRAINING PROGRAMS SHOULD BE SET. SINCE THE PROPOSAL WOULD ALLOW ALL YOUTHS IN SCHOOLS RECEIVING MONEY UNDER TITLE II OF THE LEGISLATION TO BE ELIGIBLE TO PARTICIPATE, WE MAY BE BOTH PROMISING MORE THAN WE CAN DELIVER AND SPREADING THE MONEY TOO THINLY. WE ARE RELUCTANT, HOWEVER, TO MAKE SUCH A JUDGEMENT WITHOUT MORE INFORMATION.

WE ARE SENDING OUT A SET OF SPECIFIC QUESTIONS TO THE STATES REGARDING CERTAIN ELEMENTS IN THE PROPOSED LEGISLATION. INCLUDED IN THAT SET OF QUESTIONS WILL BE THE PROPOSED ELIGIBILITY CRITERIA, THE ROLE OF THE PIC'S, THE COMPOSITION OF THE ADVISORY COUNCILS, THE LIMITATION ON THE FUNDS NOT BEING USED TO LEAD TO A POST-SECONDARY DEGREE, THE LIMIT ON ALLOWANCES NOT BEING PAID TO IN-SCHOOL CLASSROOM PARTICIPANTS, THE STATES' PREFERENCE ON NON-MONETARY REWORDS (WE ARE NOT SURE WHAT IT WOULD MEAN), AND THE PROPOSED FORMULA FOR TARGETING THE CONCENTRATION GRANTS, WHICH MAY POSE AN UNFAIR BURDEN ON RURAL AREAS. WE RECOGNIZE THE NEED TO BE EXPEDITIOUS BUT HAVING JUST RECEIVED THE SPECIFIC LEGISLATIVE LANGUAGE EARLIER THIS WEEK WE DO NOT KNOW OF ANY OTHER WAY TO GENERATE SPECIFIC ANSWERS. WE WILL SHARE WITH YOU THE RESULTS OF THIS EXERCISE.

YOU ASKED THAT I SPEAK TO THE SPECIAL STATEWIDE SET-ASIDE. YOU WILL NOT BE SURPRISED THAT WE FAVOR THE SET-ASIDE. WE

RECOGNIZE, THOUGH, THAT MORE THAN JUST OUR FAVORING SUCH A SET-ASIDE IS NEEDED. A LOOK AT THE PAST, WE BELIEVE, JUSTIFIES THE FUTURE. NGA REVIEWED THE 1979 PLANS FOR THE SET-ASIDE, A DOCUMENT OF THE FINDINGS IS AVAILABLE IF YOU WISH. JUST A FEW HIGHLIGHTS SHOULD HELP.

FY '79 GOVERNORS' YOUTH PROGRAMS, BY CATEGORY

PROGRAM CATEGORY	COST	NUMBER OF PARTICIPANTS	% OF PARTICIPANTS	% OF PROGRAMS BY CATEGORY
Youth Under Supervision of the State	$ 10,552,319	9,482	20.6%	28.4%
Providing Labor Market and Occupational Information	4,209,713	11,448	25.0%	11.4%
Establishing Cooperative Arrangements Between State and Local Institutions	1,788,418	1,090	2.4%	4.8%
Apprenticeship: Expanded or Experimental	3,021,902	2,141	4.7%	8.2%
Model Training and Employment	17,490,638	21,742	47.3%	47.2%
TOTALS	$ 37,062,990	45,903	100.0%	100.0%

COMMUNITY-BASED ORGANIZATIONS (CBOs), EDUCATIONAL AGENCIES, STATE AGENCIES, UNITS OF LOCAL GOVERNMENT, LABOR UNIONS, BUSINESSES AND PRIME SPONSORS ALL PLAYED A ROLE IN OPERATING YOUTH EMPLOYMENT AND TRAINING PROJECTS IN FY '79. FROM INFORMATION CONTAINED IN GRANTS PLANS, IT APPEARS THAT THE GREATEST NUMBER OF GOVERNORS' YOUTH GRANT PROJECTS WERE OPERATED BY PRIVATE, NON-PROFIT GROUPS (29.7 PERCENT). PRIVATE, NON-PROFIT GROUPS INCLUDE NEIGHBORHOOD AND COMMUNITY-BASED GROUPS ORGANIZED LOCALLY TO OPERATE EMPLOYMENT AND TRAINING PROGRAMS.

A FURTHER BREAKDOWN OF SUBCONTRACTORS OPERATING YOUTH PROGRAMS IS ILLUSTRATED ON THE CHART BELOW. AS SHOWN ON THE CHART, THE EDUCATION COMMUNITY ALSO PLAYED A MAJOR ROLE IN OPERATING PROJECTS UNDER THE GOVERNORS' YOUTH GRANTS (27.1 PERCENT). FOR THE PURPOSE OF THIS STUDY, THE EDUCATION COMMUNITY WAS DEFINED TO INCLUDE LOCAL EDUCATIONAL AGENCIES, UNIVERSITIES AND COMMUNITY COLLEGES, PRIVATE INSTITUTIONS, AND STATE DEPARTMENTS OF EDUCATION. OTHER STATE AGENCIES WERE ALSO INVOLVED IN OPERATING 22.3 PERCENT OF GOVERNORS' PROJECTS DESIGNED TO EMPLOY AND TRAIN YOUTH TARGETED UNDER THIS PROGRAM.

SUB-CONTRACTORS FOR GOVERNORS' YOUTH PROGRAMS

CATEGORY	NUMBER	PERCENT OF TOTAL
Private, Non-Profit	100	29.7
Education	91	27.1
State Agencies	75	22.3
Prime Sponsors	33	9.8
Local Government	15	4.5
Labor/Union	15	4.5
Private for Profit	4	1.2
Other	3	.9
TOTALS	337	100%

THE MAJORITY OF PROGRAMS DEVELOPED FOR YOUTH UNDER SUPERVISION OF THE STATE WERE OPERATED BY STATE AGENCIES, INCLUDING STATE DEPARTMENTS OF CORRECTIONS, REHABILITATION, HEALTH, AND WELFARE. STATE AGENCIES AND EDUCATIONAL AGENCIES PLANNED TO OPERATE AN EQUAL NUMBER OF PROJECTS TO DESIGN PROGRAMS ESTABLISHING COOPERATIVE ARRANGEMENTS BETWEEN STATE AND LOCAL INSTITUTIONS.

THE EDUCATION COMMUNITY TOOK THE LEAD IN OPERATING PROJECTS DESIGNED TO IMPROVE THE CONTENT AND DELIVERY OF OCCUPATIONAL INFORMATION FOR YOUTH. PRIVATE, NON-PROFIT GROUPS (INCLUDING CBOs) WERE THE SECOND MOST FREQUENT PLANNED DELIVERY AGENT FOR THIS PROGRAM CATEGORY.

LOCAL LABOR UNIONS WERE SELECTED TO OPERATE 30.8 PERCENT OF THE TOTAL NUMBER OF PROJECTS INITIATED TO DEVELOP EXPANDED OR EXPERIMENTAL APPRENTICESHIP PROGRAMS. OVERALL, LABOR ORGANIZATIONS WERE CHOSEN TO IMPLEMENT 4.5 PERCENT OF THE FY '79 GOVERNORS' YOUTH PROJECTS.

IN ADDITION TO THE AFOREMENTIONED ORGANIZATIONS, A SIGNIFICANT PROPORTION OF PROGRAMS WAS INITIATED BY PRIME SPONSORS INCLUDING CONSORTIA AND STATE EMPLOYMENT AND TRAINING COUNCILS (9.8 PERCENT). LOCAL GOVERNMENT AND PRIVATE-FOR-PROFIT GROUPS OPERATED 4.5 PERCENT AND 1.2 PERCENT OF THE PROJECTS RESPECTIVELY.

GIVEN THE EMPHASIS IN THE PROPOSED LEGISLATION FOR MORE AND BETTER OCCUPATIONAL AND CAREER INFORMATION, THE SET-ASIDE BECOMES EVEN MORE IMPORTANT. DEVELOPING CAREER INFORMATION

SYSTEMS INCORPORATING BETTER INFORMATION ON NON-TRADITIONAL JOBS FOR WOMEN AND HANDICAPPED CANNOT JUST BE DONE BY STATEMENTS IN LEGISLATION.

YET ANOTHER POINT WE MUST RAISE IS THE RELATIONSHIP TO CRIMINAL JUSTICE SYSTEMS. WE SUPPORT THE CHANGE IN THE LANGUAGE IN THE GOVERNORS' SET-ASIDE THAT CLARIFIES THE FUNDS FOR YOUTH UNDER THE SUPERVISION OF THE STATE TO INCLUDE YOUTH UNDER THE JURISDICTION OF THE JUVENILE OR CRIMINAL JUSTICE SYSTEM. IN SOME STATES, ATTORNEYS GENERAL WERE CONCERNED THAT FUNDING LOCAL PRE-TRIAL DIVERSION PROGRAMS, IN CONCERT WITH PRIME SPONSORS, WAS NOT A LEGAL ACTIVITY UNDER THE PREVIOUS LANGUAGE. IT WILL BE ESSENTIAL TO COORDINATE THE LEGISLATIVE DEVELOPMENTS OF THE JUVENILE JUSTICE AND DELINQUENCY PREVENTION ACT, WHICH IS BEFORE THE CONGRESS NOW, WITH THIS LEGISLATION TO ASSURE UNIFORMITY OF DEFINITIONS AND ALLOWABLE PROGRAMS.

TWO FURTHER POINTS: THE ATTACHED CHART DESCRIBING CURRENT AND PROPOSED ADVISORY COUNCIL MEMBERSHIPS SHOULD SPEAK FOR ITSELF. WE ARE NOT OPPOSED TO ADVISORY COUNCILS BUT WE ARE OPPOSED TO ADVISORY COUNCIL MANIA. AFTER CONSULTATION WITH GOVERNOR QUIE'S SUBCOMMITTEE ON EDUCATION, WE WILL SUGGEST SPECIFIC ALTERNATIVES TO YOU.

THE FINAL POINT WE WOULD LIKE TO MAKE IS THAT WE WOULD REQUEST THAT YOU CONSIDER SOME ADDITIONAL INCENTIVE LANGUAGE THAT WOULD ENCOURAGE THE USE OF OTHER FEDERAL OPPORTUNITIES TO SUBMIT JOINT APPLICATIONS, SUCH AS USING THE JOINT SIMPLIFICATION FUNDING ACT OR OTHER GRANT CONSOLIDATION MECHANISMS. THIS COULD BE PARTICULARLY ATTRACTIVE TO RURAL

AREAS AND AREAS THAT WOULD ONLY RECEIVE, AS PROPOSED, $25,000 IN TITLE II MONIES.

MR. CHAIRMAN, LET ME NOW FOCUS ON THE ISSUE OF WELFARE REFORM, THE NUMBER ONE PRIORITY OF NGA IN THE AREA OF HUMAN SERVICES.

IT IS AN UNFORTUNATE FACT--BUT NONETHELESS TRUE--THAT IN ANY SOCIETY, INCLUDING A SOCIETY AS WEALTHY AND ADVANCED AS OUR OWN, THERE WILL BE UNDERPRIVILEDGED AND UNFORTUNATE PERSONS AND FAMILIES WHO, FOR REASONS FULLY BEYOND THEIR CONTROL, ARE EITHER PERMANENTLY OR TEMPORARILY INCAPABLE OF PROVIDING THEMSELVES AND THEIR FAMILIES WITH AN ACCEPTABLE MINIMUM STANDARD OF EXISTENCE.

THE AMERICAN PEOPLE ARE A COMPASSIONATE AND GENEROUS PEOPLE WHEN FACED WITH TRUE NEED AMONG THEIR FELLOW CITIZENS. IT IS WITH CONSIDERABLE PRIDE IN THE PEOPLE OF THIS NATION, AND IN OUR SYSTEM OF GOVERNMENT, THAT I POINT TO PUBLIC PROGRAMS DESIGNED TO PROVIDE ASSISTANCE TO TRULY NEEDY INDIVIDUALS AND FAMILIES.

THE INCOME MAINTENANCE PROGRAMS CURRENTLY IN EXISTENCE, HOWEVER, ARE FLAWED AND SOMETIMES IRRATIONAL. IN MOST CASES THEY WERE ENACTED SEPARATELY, WITH LITTLE THOUGHT GIVEN TO WAYS IN WHICH THEY WOULD INTERACT WITH ONE ANOTHER. THESE

PROGRAMS, FURTHERMORE, OFTEN ENCOURAGED INCREASED DEPENDENCY ON WELFARE AND DID LITTLE TO MOVE INDIVIDUALS AND FAMILIES TOWARD SELF-SUFFICIENCY AND CONTRIBUTION TO OUR SOCIETY. TODAY, STATE AND LOCAL GOVERNMENTS BEAR A STAGGERING FINANCIAL BURDEN FOR INCOME MAINTENANCE AND ASSISTANCE PROGRAMS. AT THE SAME TIME THEY ARE BESET BY IRRATIONAL AND SOMETIMES CONFLICTING PROGRAM REQUIREMENTS, SOME OF WHICH RESULT IN ERRORS AND UNNECESSARILY INCREASED ADMINISTRATIVE COSTS.

WE ARE PAINFULLY AWARE THAT A RATHER BRUTAL FISCAL EXERCISE IS BEING CARRIED OUT BY THE ENTIRE CONGRESS RIGHT NOW. WE WOULD URGE YOU TO REMEMBER DURING THAT EXERCISE THAT THIS PIECE OF LEGISLATION TARGETS, APPROPRIATELY, WE THINK, FEDERAL RESOURCES ON THE MOST NEEDY IN OUR SOCIETY. THE PURPOSE OF THE BILL IS TO GENERATE PRODUCTIVE WORKERS, WHO THEN BECOME TAXPAYERS.

MY APPEARANCE BEFORE YOU TODAY TO DISCUSS THIS SUBJECT SHOULD COME AS NO SURPRISE. THE NATIONAL GOVERNORS' ASSOCIATION HAS BEEN DILIGENTLY PURSUING WELFARE REFORM--WORKING WITH MEMBERS OF THIS SUBCOMMITTEE, OTHER MEMBERS OF CONGRESS, AND THREE ADMINISTRATIONS--SINCE THE MID-1970'S. THE GOVERNORS HAVE SPOKEN ON THIS ISSUE NOT JUST TO COMPLAIN. WE HAVE CONDUCTED NUMEROUS ANALYSES OF THE PROGRAMS THAT STATES ADMINISTER. WE HAVE LABORED TO PRODUCE SOUND PROPOSALS FOR MODIFYING EXISTING ASSISTANCE SYSTEMS. WE, NO LESS THAN ANY OTHER SECTOR PURSUING WELFARE REFORM, HAVE SOUGHT TO FORMULATE

WORKABLE, ENACTABLE LEGISLATION THAT ADDRESSES THE EXISTING SYSTEM'S PROBLEMS, IMPROVES THE LOT OF THE LEGITIMATELY IMPOVERISHED, FOSTERS SELF-SUFFICIENCY, REDUCES THE TERRIBLE FISCAL BURDEN FELT BY MANY STATE AND LOCAL GOVERNMENTS PARTICIPATING IN THE FUNDING OF WELFARE PROGRAMS, AND PROVIDES FOR MORE EFFICIENT AND PRODUCTIVE EXPENDITURE OF TAX DOLLARS FOR PUBLIC ASSISTANCE PURPOSES.

AS YOU WILL RECALL, THE GOVERNORS WERE HERE WITH OUR SUPPORT WHEN THE ADMINISTRATION PROPOSED ITS LEGISLATION IN 1977. WHEN IT BECAME EVIDENT THAT CONGRESS WOULD NOT COMPLETE ACTION ON THAT LEGISLATION, THE GOVERNORS SAT DOWN WITH KEY CONGRESSIONAL FIGURES, REPRESENTATIVES OF THE PRESIDENT, AND REPRESENTATIVES OF OTHER ORGANIZATIONS OF STATE AND LOCAL OFFICIALS TO SEEK TO DEVISE A BILL THAT COULD BE ENACTED.

IT IS WITH FULL REFLECTION ON THIS HISTORY, AND WITH RESPECT FOR THE VERY REAL POLITICAL, PROGRAMMATIC, AND PHILOSOPHICAL DIFFERENCES THAT UNQUESTIONABLY MUST BE SUCCESSFULLY RESOLVED, THAT I CAN EMPHATICALLY STATE THAT YOU HAVE IN THIS BILL A FRAMEWORK FOR A REASONABLE AND LAUDABLE COMPROMISE PROPOSAL, ONE THAT CAN BE ENACTED. I HASTEN TO ADD THAT, WHILE ITS BASIC THRUST IS STURDY AND WELL-CONSIDERED, IT CAN AND SHOULD BE IMPROVED.

YOU ARE UNQUESTIONABLY AWARE THAT THIS PROPOSAL IS NOT THE ULTIMATE ANSWER TO ALL OUR PUBLIC ASSISTANCE PROBLEMS; NOR IS IT THE ULTIMATE ANSWER TO A FULL EMPLOYMENT STRATEGY FOR OUR COUNTRY. IT DOES NOT PROVIDE THE FINAL SOLUTION TO

POVERTY IN OUR NATION. IT IS, IN FACT, CLEARLY INCREMENTAL IN ITS ATTEMPT TO SOLVE A REASONABLE NUMBER OF PRESSING PROBLEMS, AND IT DOES SO IN A FASHION THAT IS BOTH POLITICALLY ACCEPTABLE AND AFFORDABLE, AT A TIME OF JUSTIFIABLE CAUTION IN EXPENDITURE OF PUBLIC TAX DOLLARS. A JOBS COMPONENT OF WELFARE SHOULD NOT BE PUSHED ASIDE DURING A REVIEW OF THE INFLATIONARY IMPACTS OF THE BUDGET. THIS COMMITTEE KNOWS BETTER THAN I THAT TIME AND TIME AGAIN ANALYSIS HAVE SHOWN THAT TARGETING FEDERAL DOLLARS TO THE LOW INCOME POPULATION THROUGH JOB TRAINING AND JOB CREATION IS ONE OF THE LEAST INFLATIONARY MECHANISMS AVAILABLE.

THE ACTION OF THE HOUSE IN PASSING THE CASH ASSISTANCE BILL, NOW NUMBERED H.R. 4904, IS AN IMPORTANT STEP IN THE PROCESS, BUT IT WILL BE OF LITTLE VALUE IF ACTION IS NOT TAKEN ON THE COMPANION JOBS AND TRAINING BILL.

THE GOVERNORS STRONGLY BELIEVE THAT THE PRESIDENT AND HIS ADMINISTRATION HAVE FOCUSED ON THE CORRECT LONG-TERM SOLUTION FOR MANY RECIPIENTS OF OUR INCOME MAINTENANCE SYSTEM BY PROPOSING THAT ALL ABLE-BODIED PERSONS BE PROVIDED TRAINING AND EMPLOYMENT OPPORTUNITIES. THIS PROPOSAL APPROPRIATELY MOVES BEYOND THE RHETORIC OF CURRENT LEGISLATION. THE WIN PROGRAM REQUIRES PEOPLE TO REGISTER FOR WORK AND TRAINING BUT DOES NOT PROVIDE SUFFICIENT FUNDING FOR EVEN A SMALL PORTION OF THE ELIGIBLE POPULATION TO BE PROPERLY TRAINED OR PLACED IN JOBS.

HOWEVER GOOD WE FEEL THIS PROPOSAL TO BE, WE DO FEEL THAT MORE CAN BE DONE, EVEN WITHIN THE FRAMEWORK OF THE LEGISLATION

AS PROPOSED. I WOULD LIKE TO FOCUS MY COMMENTS ON FIVE PRINCIPAL AREAS: A GUARANTEE OF FUNDS, INCREASED PROVISIONS FOR TRAINING, FLEXIBILITY IN THE JOB SEARCH PERIOD, IMPROVED ADMINISTRATIVE ARRANGEMENTS, AND COORDINATION AND SIMPLIFICATION WITHIN CETA.

BEFORE I GO INTO THESE AREAS IN DETAIL, MR. CHAIRMAN, I WANT TO MENTION ONE ASPECT OF GOVERNMENT-SUPPORTED EMPLOYMENT PROGRAMS IN GENERAL. IT IS THE VERY STRONG BELIEF OF THE NATION'S GOVERNORS THAT THE LONG-TERM CURE FOR UNEMPLOYMENT, UNDEREMPLOYMENT, AND DEPENDENCE ON PUBLIC ASSISTANCE PROGRAMS IS PREDOMINATELY IN THE PRIVATE SECTOR. WHILE PUBLIC SERVICE JOBS ARE AN ESSENTIAL FALL-BACK POSITION FOR JOBS PROGRAMS, THESE JOBS MUST NOT BECOME AN END IN AND OF THEMSELVES. THEY MUST REMAIN A MEANS TO AN END: A TEMPORARY SOLUTION TO THE PROBLEM OF SECURING A JOB IN THE PRIVATE OR UNSUBSIDIZED PUBLIC SECTOR.

NOW I WOULD LIKE TO ADDRESS MORE SPECIFICALLY THE AREAS OF THE JOBS PORTION OF THE PRESENT WELFARE REFORM PACKAGE WHERE WE FEEL IMPROVEMENTS SHOULD BE MADE.

GUARANTEE OF FUNDS

WE BELIEVE FIRST THAT IT IS ESSENTIAL THAT FUNDS BE GUARANTEED FOR A TRAINING SLOT OR, IF NECESSARY, A PUBLIC SERVICE EMPLOYMENT SLOT, FOR AT LEAST THE PRINCIPAL EARNER IN EACH TWO-PARENT FAMILY ELIGIBLE FOR AFDC, IN THE EVENT IT PROVES IMPOSSIBLE TO PLACE HER OR HIM IN A PRIVATE SECTOR POSITION.

THIS TYPE OF GUARANTEE IS ESSENTIAL FOR MANY REASONS, TWO OF WHICH ARE ESPECIALLY IMPORTANT. FIRST, WITHOUT SUCH A GUARANTEE, AN ESSENTIAL REFORM INGREDIENT OF THIS PACKAGE--A WORK-RELATED OPPORTUNITY--COULD BE MOOT. THIS GUARANTEE SHOULD BE ADDRESSED BY INSERTING INTO THE BILL LANGUAGE SIMILAR TO THAT WHICH EMERGED DURING CONSIDERATION OF WELFARE REFORM JOBS IN THE LAST CONGRESS: "THE SECRETARY SHALL PROVIDE FINANCIAL ASSISTANCE TO EACH PRIME SPONSOR CONDUCTING SUBSIDIZED EMPLOYMENT AND TRAINING PROGRAMS [UNDER THIS SECTION] ...IN AN AMOUNT EQUAL TO THE SUM OF THE WAGES AND ALLOWANCES PAID BY SUCH PRIME SPONSOR TO SUCH INDIVIDUALS PURSUANT TO SUCH PROGRAMS." I WANT TO STRESS THAT THIS GUARANTEE OF FUNDS TO THE WORK AND TRAINING SYSTEM IS NOT THE SAME AS AN ENTITLEMENT TO THE INDIVIDUAL OF A PSE OR TRAINING SLOT.

THE SECOND REASON THAT WE FEEL THIS GUARANTEE IS IMPORTANT IS THAT IT ADDRESSES A GREAT CONCERN OF STATE AND LOCAL GOVERNMENTS: FISCAL RELIEF. IT IS OUR UNDERSTANDING THAT FIFTY PERCENT OF THE FISCAL RELIEF CONTAINED IN THE COMBINED LEGISLATIVE PROPOSALS IS DIRECTLY LINKED TO THE SUCCESSFUL CREATION OF A WORKABLE TRAINING AND EMPLOYMENT BILL.

INCREASED PROVISIONS FOR TRAINING

YOU MAY HAVE NOTED, MR. CHAIRMAN, MY EMPHASIS ON WORK TRAINING. WE BELIEVE THE BILL LACKS SUFFICIENT INCENTIVES FOR PROVIDING TRAINING OPPORTUNITIES. WE ARE NOT SAYING THAT THE WHOLE PROGRAM SHOULD BE A MASSIVE TRAINING BILL. AS THE WELFARE REFORM DEMONSTRATION PROJECTS ARE SHOWING, MANY PUBLIC

ASSISTANCE RECIPIENTS CAN BE BEST SERVED BY IMMEDIATE REPLACEMENT IN A JOB. HOWEVER, BECAUSE INSUFFICIENT PRIVATE AND UNSUBSIDIZED PUBLIC JOB OPPORTUNITIES EXIST IN MANY AREAS, PROVISION MUST BE MADE FOR THE CREATION OF PUBLIC SERVICE JOBS. WE HAVE LEARNED, THOUGH, FROM CURRENT CETA PROGRAMS THAT WE HAVE GIVEN INADEQUATE ATTENTION TO THE TRAINING AND RETRAINING OF OUR WORKFORCE FOR THE SPECIFIC OCCUPATIONAL SKILLS NEEDED IN OUR ECONOMY. THIS DEFICIENCY IN THE BILL COULD BE REMOVED BY PROVIDING A CAP (OF 15 OR 20 PERCENT) FOR ADMINISTRATIVE COSTS ONLY, AND NOT INCLUDING THE COST OF TRAINING, MATERIALS, AND SUPPORT SERVICES WITHIN THE CAP, AS THE ADMINISTRATION HAS SUGGESTED.

FLEXIBILITY IN THE JOB SEARCH PERIOD

THE THIRD POINT THAT WE WISH TO MAKE IS THAT THERE MUST BE FLEXIBILITY IN THE JOB SEARCH PERIOD. IN MANY COUNTIES, PARTICULARLY IN RURAL AREAS, THE COUNTY ITSELF AND THE LOCAL SCHOOL BOARD ARE THE TWO LARGEST EMPLOYERS. PRIVATE SECTOR EMPLOYMENT IS NEARLY NONEXISTENT. I SUBMIT TO YOU THAT WE DO NOT NEED A FEDERAL LAW MANDATING AN EIGHT-WEEK PERIOD OF JOB SEARCH FOR PRIVATE SECTOR EMPLOYMENT IN SUCH AREAS PRIOR TO PLACING AN INDIVIDUAL IN A TRAINING PROGRAM OR A PUBLIC SERVICE JOB. YOU MIGHT ALSO LOOK AT THE CASE OF AN INDIVIDUAL WITH LIMITED ENGLISH LANGUAGE ABILITY, SUCH AS OUR COUNTRY'S MANY HISPANICS, OR OUR NEWLY ARRIVED INDOCHINESE REFUGEES. IT MAKES LITTLE SENSE TO SEND SUCH AN INDIVIDUAL TO EMPLOYERS WHO DO BUSINESS IN ENGLISH WITHOUT FIRST PROVIDING ENGLISH LANGUAGE TRAINING. NOR, INDEED, WOULD A REQUIRED EIGHT-WEEK JOB SEARCH

HAVE MADE ANY SENSE DURING THE SNOWSTORMS IN CHICAGO LAST JANUARY AND FEBRUARY.

THE NATIONAL GOVERNORS' ASSOCIATION HAS BEEN WORKING CLOSELY WITH THE ADMINISTRATION TO HELP REDUCE THE FEDERAL DEFICIT. I HAVE BEEN ADVISED THAT THIS PROPOSED MANDATED EIGHT-WEEK JOB-SEARCH PERIOD IS A FAVORITE OF ECONOMISTS TRYING TO KEEP DOWN THE FEDERAL COST OF THE JOBS COMPONENT. WE ARE NOT OPPOSED TO A REQUIRED PERIOD OF JOB SEARCH; INDEED, WE THINK IT IS ESSENTIAL THAT MOST INDIVIDUALS TEST THE PRIVATE MARKET PLACE PRIOR TO HEAVY USE OF PUBLIC DOLLARS. WE DISAGREE, HOWEVER, WITH THE MANNER IN WHICH THIS CONCEPT MUST BE IMPLEMENTED UNDER THE PROVISIONS OF THIS BILL.

AS AN ALTERNATIVE, WE SUGGEST THAT THE STATE PLAN SEPCIFY A PROCESS FOR JOB SEARCH THAT TAKES INTO ACCOUNT THE VARIATIONS OF RURAL AND URBAN AREAS, SEASONAL ADJUSTMENTS FOR LABOR DEMAND, AND INDIVIDUAL NEEDS.

A REFERENCE TO THE STATE PLAN AS PROPOSED IN THE WORK AND TRAINING OPPORTUNITIES LEGISLATIVE PROPOSAL LEADS ME TO THE NEXT CONCERN OF THE NATION'S GOVERNORS. IT IS A MAJOR ISSUE.

ADMINISTRATIVE ARRANGEMENTS

MR. CHAIRMAN, WE RECOGNIZE THAT IN SOME RESPECTS THE SENATE FINANCE COMMITTEE HAS A SOMEWHAT EASIER TASK REGARDING ADMINISTRATIVE ARRANGEMENTS UNDER THE COMPANION LEGISLATION, THE SOCIAL WELFARE REFORM AMENDMENTS. THEY CAN FOCUS PRIMARILY ON PAPERWORK PROBLEMS, SUCH AS REPORTING REQUIREMENTS. WE

RECOGNIZE THAT YOUR COMMITTEE HAS A MORE SENSITIVE TASK: YOU MUST BEGIN TO LOOK AT AND CONSIDER A REORGANIZATION OF THE ENTIRE EMPLOYMENT AND TRAINING SYSTEM. WE FIRMLY BELIEVE THAT IF THE JOBS/TRAINING COMPONENT OF THE PROPOSED REVISIONS TO OUR WELFARE SYSTEM IS TO HAVE CREDIBILITY, AND ANY REASONABLE CHANCE OF SUCCEEDING, IT IS ESSENTIAL THAT A MORE RATIONAL EMPLOYMENT AND TRAINING SYSTEM BE CREATED.

MR. CHAIRMAN, YOU AND OTHER MEMBERS OF THE LABOR AND HUMAN RESOURCES COMMITTEE WHO WERE DEEPLY INVOLVED IN THE MILESTONE ACTIVITIES IN THE EARLY 70'S THAT CREATED THAT CETA SYSTEM ARE NO DOUBT AS AWARE AS I AM THAT THE AGENDA IS NOT YET FINISHED REGARDING THE MANAGEMENT FRAMEWORK OF THE NATION'S EMPLOYMENT AND TRAINING SYSTEM. AS YOU WOULD EXPECT, I AM REFERENCING TO THE ROLE OF THE STATE IN PARTICULAR. THE PROPOSED JOBS COMPONENT OF WELFARE REFORM DRAMATICALLY HIGHLIGHTS THIS UNFINISHED AGENDA.

WHEN ONE STRIPS AWAY ALL THE PROSE OF THE LEGISLATIVE PROPOSALS BEFORE YOU, THERE ARE FIVE DISTINCT TASKS THAT MUST BE PERFORMED IN ANY WORK AND WELFARE RELATED PROGRAM. THEY ARE:

- SCREENING OF CLIENTS FOR PROGRAM ELIGIBILITY;
- MONITORING TO ASSURE CONFORMITY TO JOB SEARCH AND EMPLOYMENT REQUIREMENTS;
- DELIVERY OF ASSISTIVE SERVICES (SUCH AS DAY CARE, HEALTH AND TRANSPORTATION SERVICES);
- CREATION AND MAINTENANCE OF JOBS FOR CLIENTS OR PLACEMENT IN A TRAINING COMPONENT; AND

- COORDINATION OF THE ABOVE TASKS WITH EACH OTHER AND WITH THE PAYMENT OF BENEFITS.

ANY LEGISLATION PROMULGATED NEEDS TO BE ORGANIZED AROUND THOSE FIVE TASKS. STATES HAVE NOT ONLY MANAGEMENT RESPONSIBILTY BUT ALSO A HEAVY FISCAL INVOLVEMENT IN PROVIDING ALL THE ASSISTIVE SERVICES MENTIONED, AND MORE. IN ADDITION, ALL ARE DEEPLY INVOLVED IN PROGRAMS TO CREATE PRIVATE SECTOR JOBS, IN FINANCING TRAINING FACILITIES THROUGH EDUCATION SYSTEMS, AND IN SHARING THE FISCAL BURDEN OF THE WELFARE PAYMENT SYSTEM WITH THE FEDERAL GOVERNMENT. THE ADMINISTRATION'S PROPOSAL HAS ONLY PARTIALLY ADDRESSED THE INTERRELATIONSHIPS OF STATE AND LOCAL GOVERNMENT SERVICE DELIVERY SYSTEMS AND VARYING ECONOMIC REALITIES.

THE PROPOSED PLAN, AS I UNDERSTAND IT, WOULD PLACE THE FEDERAL GOVERNMENT SQUARELY IN THE MIDDLE OF WHAT ESSENTIALLY NEEDS TO BE A STATE AND LOCAL GOVERNMENT DELIVERY SYSTEM. IT DOES THIS BY GIVING THE FEDERAL GOVERNMENT CONTRACTING RESPONSIBILITIES BOTH WITH THE STATE AND WITH LOCAL PRIME SPONSORS. WE HAVE SERIOUS DOUBTS THAT THE DEPARTMENT OF LABOR CAN OR SHOULD PAY THIS BROKER'S FUNCTION. THE PROPOSED LEGISLATION PARTIALLY RECOGNIZES THIS PROBLEM IN THE APPROPRIATIONS SECTION 262 WHERE THERE IS A REFERENCE TO BEST AVAILABLE DATA AND RATHER LOOSE LANGUAGE REGARDING A REALLOCATION PROCESS. THERE ARE SEVERAL PROBLEMS ATTENDANT IN THIS PROPOSED ARRANGEMENT. FIRST, DATA ON AFDC ELIGIBLES AND RECIPIENTS WILL NOT BE AVAILABLE TO THE SECRETARY OF LABOR BY PRIME SPONSOR AREA.

SECOND, THE SUCCESS OF THE PRIVATE SECTOR JOB SEARCH WILL VARY ACCORDING TO SEASONS OF THE YEAR AND LOCAL ECONOMIC FLUCUATIONS AND BY TYPE OF CLIENT, PARTICULARLY THOSE WITH SEVERELY LIMITED ENGLISH SPEAKING ABILITY. IT WOULD BE BY FAR MORE RATIONAL TO ALTER THE PROPOSAL SO THE FUNDS WOULD FLOW WITH THE CLIENT, WITHIN THE STATE.

LEST THERE BE ANY MISUNDERSTANDING, WE AGREE THAT THE CETA PRIME SPONSOR SYSTEM SHOULD BE DEEPLY INVOLVED IN THE PROGRAM. THE CETA SYSTEM SHOULD BE RESPONSIBLE FOR JOB CREATION AND TRAINING SYSTEMS, BUT WE STRONGLY BELIEVE THAT THE MONEY (THE GUARANTEED DOLLAR SUPPORT I SPOKE OF EARLIER) SHOULD, IN ESSENCE, FLOW WITH THE INDIVIDUAL WHO NEEDS THE SERVICE. WE SEE NO EVIDENCE IN THE PROPOSAL THAT WOULD ASSURE A RATIONAL SYSTEM OF RESOURCE AVAILABILITY PAST THE DETERMINATION OF ELIGIBILITY, INDIVIDUAL ASSESSMENT, JOB SEARCH PERIOD, AND SUPPORT SERVICE PROVISIONS. LARGE SUMS OF STATE AND FEDERAL DOLLARS ARE AT STAKE. LET US (THE GOVERNORS) CONTRACT WITH LOCAL PRIME SPONSOR SYSTEMS WITHIN OUR OWN STATES IN ORDER TO CREATE RATIONAL DELIVERY SYSTEMS. IT SHOULD BE NOTED THAT WITH THE GUARANTEE OF FUNDS FOR INDIVIDUAL SLOTS, WHICH WE NOTED EARLIER AS BEING A "MUST" INGREDIENT, NO PROBLEMS WILL EXIST CONCERNING THE EQUITABLE DISTRIBUTION OF THE DOLLARS. THE DOLLARS WILL BE FOLLOWING THE INDIVIDUAL, AND WILL NOT BE DETERMINED BY JURISDICTIONAL BOUNDARIES OR ARTIFICIAL FORMULAS.

LET ME NOTE AN IMPORTANT EXCEPTION TO THIS PROPOSED ARRANGEMENT--ONE, MR. CHAIRMAN, YOU WOULD TAKE PARTICULAR NOTE OF DUE TO YOUR MEMBERSHIP ON THE SENATE FINANCE COMMITTEE.

NGA'S POLICY POSITION REGARDING EMPLOYMENT AND TRAINING PROGRAMS FOR NATIVE AMERICANS SUPPORTS A DIRECT FEDERAL/TRIBAL RELATIONSHIP. THIS IS IN RECOGNITION OF THE NATION-WITHIN-A-NATION TREATY RELATIONSHIPS WE HAVE WITH NATIVE AMERICAN TRIBES. WE BELIEVE THE ADMINISTRATION'S PROPOSAL TO CONTRACT DIRECTLY WITH THE NATIVE AMERICAN TRIBES IN THE JOBS PROPOSAL IS CORRECT. WE SUGGEST, HOWEVER, THAT THE INCOME MAINTENANCE SYSTEM SHOULD BE TREATED IN THE SAME MANNER, THAT IS, THROUGH DIRECT FEDERAL/TRIBAL ARRANGEMENTS. ALSO, DIFFERENT CRITERIA FOR JOB SEARCH, TRAINING, AND JOB CREATION SHOULD APPLY FOR INDIAN PRIME SPONSORS. A MANDATED EIGHT-WEEK JOB SEARCH IN THE PRIVATE SECTOR, FOR EXAMPLE, MAKES NO SENSE ON MOST RESERVATIONS.

OF THE 24 JURISDICTIONS THAT CURRENTLY LACK AN AFDC-U PROGRAM, TEN HAVE A HIGH PROPORTION OF INDIAN RESERVATION TERRITORIES. CURRENTLY, THE BUREAU OF INDIAN AFFAIRS DIRECTLY ADMINISTERS A FORM OF GENERAL ASSISTANCE, SO IT WOULD NOT CREATE AN UNDUE FEDERAL FISCAL BURDEN IF THE FEDERAL GOVERNMENT FOLLOWED THE PATTERN OF THE DEPARTMENT OF LABOR EMPLOYMENT AND TRAINING PROGRAM IN ITS INCOME MAINTENANCE PROGRAMS.

LET ME RETURN TO THE ISSUE OF FEDERAL, STATE AND LOCAL RESPONSIBILITIES. THE TIME HAS COME TO TAKE A LONG, HARD LOOK AT THE ENTIRE EMPLOYMENT AND TRAINING SYSTEM, DECIDE WHICH PART OF THE SYSTEM IS BEST SUITED TO PERFORM WHICH TASKS, ELIMINATE DUPLICATION AND TURF FIGHTS, AND BETTER SERVE THE NEEDS OF EMPLOYERS, JOB SEEKERS, AND RECIPIENTS UNDER INCOME MAINTENANCE PROGRAMS.

FOR THE PAST THREE YEARS, GOVERNORS HAVE BEEN CALLING FOR A SYSTEMATIC REVIEW OF OUR EMPLOYMENT AND TRAINING LEGISLATION IN A MANNER THAT RECOGNIZES THE CETA PRIME SPONSOR SYSTEM AS THE CORE COMPONENT FOR DELIVERING DIRECT TRAINING AND JOB CREATION SERVICES TO INDIVIDUALS.

WE HAD A SHORT-LIVED FLUTTER OF PLEASURE WHEN CONGRESS ASKED THE DEPARTMENT OF LABOR TO REPORT TO YOU BY MARCH OF THIS YEAR ON NEEDED REVISIONS OF THE FORTY-FOUR YEAR OLD WAGNER-PEYSER LEGISLATION. WE HOPED THAT SUCH A REVIEW WOULD PRODUCE LEGISLATION TO BRING ABOUT A MORE RATIONAL APPROACH TO OUR NATION'S EMPLOYMENT AND TRAINING SYSTEM. WE HAVE NO ILLUSIONS THAT MUCH OF THE PROBLEM ATTENDANT TO REFINING THE STATES' ROLE IN THE EMPLOYMENT AND TRAINING SYSTEM REVOLVES AROUND THE REAL AND PERCEIVED INADEQUACIES OF THE EMPLOYMENT SERVICE AGENCIES. WE RECOGNIZE, MORE THAN OTHERS, THE RIGIDITIES OF THE CURRENT SYSTEM AND ARE ANXIOUS FOR A SUBSTANTIVE REVIEW OF THE PROGRAM. I SHOULD NOTE THAT OUR POLICY POSITION ON THE REWRITE OF WAGNER-PEYSER ASKS FOR THE CAPACITY FOR GOVERNORS TO THIRD PARTY CONTACT WITH PRIME SPONSORS AND OTHER ORGANIZATIONS MUCH IN THE SAME FASHION AS THE JOB SEARCH ASSISTANCE COMPONENT DOES IN THE LEGISLATION YOU ARE CONSIDERING NOW.

COORDINATION AND SIMPLIFICATION WTIHIN CETA

IN A RECENT GUBERNATORIAL SURVEY, CONDUCTED UNDER THE LEADERSHIP OF GOVERNOR RICHARD SNELLING OF VERMONT, MANY GOVERNORS MADE TWO TYPES OF OBSERVATIONS THAT HAVE DIRECT BEARING ON YOUR DELIBERATIONS.

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THE FIRST IS THAT THERE ARE TOO MANY SUBPARTS OF CETA TITLES. EXPLAINING TO AN AVERAGE CITIZEN, A RECIPIENT, OR EVEN AN ELECTED OFFICIAL RESPONSIBLE FOR THE ADMINISTRATION OF THE PROGRAMS THE DIFFERENCES BETWEEN TITLES II B OR C, II D, OR VI IS TOO MUCH. THE ADMINISTRATION'S PROPOSAL TO CULL A PART OF THE RESOURCES FROM TITLE II D AND CREATE NEW RESOURCES UNDER AN ADDITIONAL SUBPART E MAY MAKE SENSE FOR BUDGET ACCOUNTING PURPOSES, IN OMB AND IN THE HALLS OF THE COUNCIL OF ECONOMIC ADVISORS, BUT IT DOESN'T MAKE SENSE WHEN EXPLAINED TO INTAKE WORKERS IN COUNTY WELFARE DEPARTMENTS AND CETA INTAKE CENTERS. WE SUPPORT PUTTING ALL THE "GUARANTEED SLOTS" IN ONE SUBPART OF THE LEGISLATION, A SUBPART DESIGNED SPECIFICALLY FOR THIS PROGRAM.

LET ME ALSO ADD THAT ANOTHER REASON WE PREFER A SEPARATE SECTION IS THAT WE RECOGNIZE THAT FOR SOME MEMBERS OF OUR SOCIETY A PERMANENT COMMITMENT OF SUPPORT IS NECESSARY, AND FOR THEM THE CURRENT LIMITATIONS ON PARTICIPATION IN CETA-SUPPORTED PROGRAMS UNDER II D WOULD BE INAPPROPRIATE. MANY MENTALLY AND PHYSICALLY DISABLED INDIVIDUALS, AT ANY POINT IN THEIR LIVES, WILL HAVE DIFFICULTY COMPETING FOR JOBS. THE CURRENT CETA LEGISLATION WITH ITS STRICT LIMITATIONS ON PSE JOBS DOES NOT ADDRESS THIS NEED FOR LONG-TERM SUPPORTED WORK, WHILE JOBS UNDER II E WOULD.

THIS DISCUSSION OF OUR SUPPORT FOR PLACING ALL WELFARE/WORK RELATED RESOURCES IN ONE SUBPART OF THE LEGISLATION LEADS ME TO THE SECOND OBSERVATION MADE BY MANY OF THE GOVERNORS IN THAT SAME SURVEY. THE GOVERNORS RECOGNIZE THAT COUNTERCYCLICAL

PUBLIC SERVICE EMPLOYMENT PROGRAMS HAVE PLAYED A VITAL ROLE IN OUR COUNTRY AS A PART OF AN OVERALL ECONOMIC STIMULUS STRATEGY. SUCH JOBS HAVE BEEN ABSOLUTELY ESSENTIAL IN BOTH DISTRESSED URBAN AND RURAL AREAS DURING PERIODS OF HIGH UNEMPLOYMENT. WE RECOGNIZE THAT THE WELFARE REFORM TRAINING AND JOBS PROPOSAL PRESENTS SOME HARD CHOICES. THE PRINCIPAL DECISION THAT MUST BE MADE IN THIS CONNECTION IS HOW TO TARGET FEDERAL RESOURCES--SPECIFICALLY, HOW MANY DOLLARS SHOULD BE ALLOCATED FOR THE STRUCTURALLY UNEMPLOYED VERSUS HOW MANY TO COUNTERACT CYCLICAL UNEMPLOYMENT.

WE BELIEVE FURTHER THAT FEDERAL TRAINING AND JOB CREATION RESOURCES MUST FIRST MEET THE NEEDS OF THE MOST DISADVANTAGED IN OUR SOCIETY. OUR PREFERENCE, THEREFORE, IS TO ALLOCATE THE FUNDS NECESSARY TO SERVE THESE STRUCTURALLY UNEMPLOYED INDIVIDUALS.

MR. CHAIRMAN, I HAVE DELIBERATELY FOCUSED ON THE MAJOR ISSUES. AS YOU PROCEED IN MARKING UP LEGISLATION (WE HOPE WITH SPEED) MEMBERS OF THE NGA STAFF AND REPRESENTATIVES OF THE STATES WILL BE WILLING TO WORK CLOSELY WITH YOU IN THE FORMULATION OF THE DETAILS.

WE IN RHODE ISLAND ARE PROUD OF OUR CONTINUING ATTEMPTS IN THE AREA OF WELFARE REFORM. HOWEVER, A CONGRESSIONAL AND EXECUTIVE BRANCH PARTNERSHIP IS ABSOLUTELY NECESSARY IF WE ARE TO SERVE ARE CITIZENS BETTER. WE SUPPORT THE ADMINISTRATION'S CURRENT ATTEMPTS TO IMPROVE THE WELFARE SYSTEM IN AMERICA, AND ASK THAT YOU CONTINUE TO REVIEW THESE EFFORTS.

THANK YOU.

Section of the Bill	Staff Analysis/Subcommittee Recommendations
Sec. 1. This Act may be cited as the "Work and Training Opportunities Act of 1979."	
ESTABLISHMENT OF PROGRAM	
Sec. 2. Title II of the Comprehensive Employment and Training Act is amended by adding at the end thereof the following new part:	
PART E - WORK AND TRAINING OPPORTUNITIES FOR FAMILY SELF-SUFFICIENCY	
STATEMENT OF PURPOSE	
Sec. 241. It is the purpose of this part to enhance the self-sufficiency of families with children who could otherwise be dependent upon welfare assistance and to enable adults in such families to countribute productively to the economy of their communities and of the Nation. In furtherance of such purpose, this part provides for programs of job search assistance designed to assist members of such families in seeking job opportunities in the private and public sectors which are not federally-supported, and for programs which provide federally-assisted work and training opportunities for principal earners in families with children who cannot find employment in the regular economy and might otherwise have to rely upon their eligibility for welfare assistance to provide sufficient income to support their families.	
SUBPART 1 - JOB SEARCH ASSISTANCE PROGRAMS	
AUTHORIZATION OF APPROPRIATIONS	
Sec. 251. There are authorized to be appropriated such sums as may be necessary to carry out this subpart.	Sec. 251. This is open-ended language, and would require yearly appropriation, as is the case with the rest of CETA now. It is not a mandatory (or entitlement) program, and this wording raises the possibility that Congress might at any time refuse to appropriate funds. Due to the entitlement nature of the cash assistance component and the assumption

FINANCIAL ASSISTANCE

Sec. 252. (a) The sums which shall be made available from appropriations to provide financial assistance under this subpart for each fiscal year shall be apportioned by the Secretary on an equitable basis, in accordance with subsection (b), among the States for the purpose of carrying out programs under this subpart, and among Native American entities described in section 302 (c) (1) (A) of this Act for the purpose of carrying out job search assistance programs described in section 254 (c) of this Act. The Secretary shall ensure that apportionments are made available within each State on an equitable basis among geographical areas served by prime sponsors.

(b) (1) Payments of financial assistance under this subpart may be made on the basis of estimates, pursuant to paragraph (2), but adjustments shall be made in the amount of any payment to the extent that the payments previously made were more or less than the amounts which the Secretary determines to be appropriate in view of the number of participants actually served.

that half the fiscal relief in the States will come as a direct result of the jobs money being available, "such sums" language is inadequate.

The NGA Welfare Reform Subcommittee has suggested that the language in this section and in Section 201 (authorization of funds for the PSE and training part of the program) be changed to indicate an entitlement to the States (or prime sponsors, in the case of Sec. 201) to carry out the program. This is not the same as saying we want an entitlement to the recipient for a job or PSE slot, a position we do not support. The Employment and Training Subcommittee concurred in this position, suggesting that we request a guarantee of dollars to serve the number of applicants.

Sec. 252.
This section raises a number of questions and issues:

Payments to States
An earlier draft of the bill contained language to permit the Secretary to make payments in advance to the States on a quarterly basis, with adjustments to make up for the amounts that were over- or under-estimated the previous quarter. This clear language was omitted in the final bill.

The Employment and Training Subcommittee recommended that payments be on the basis of an open letter of credit with provisions for carryover.

Section of the Bill

(2) The Secretary shall first apportion not less than 85 percent of the funds for this subpart among the States on the basis of appropriate factors, including taking into account the relative numbers of recipients of aid to families with dependent children under Title IV-A of the Social Security Act in each State and the relative costs of providing necessary services under this subpart in each such State, as estimated by the Secretary on the basis of the most recent satisfactory available data. The remaining funds shall be made available from time to time, as the Secretary determines to be appropriate, to provide financial assistance under this subpart (including financial assistance for Native American entities described in section 302 (c) (1) (A) of this Act).

Staff Analysis/*Subcommittee Recommendations*

Allocation Considerations

The allocation formula here and in Sec. 262 (Work and Training Opportunities) are the same, yet the programs and those eligible for them are not the same. Only one adult per family is eligible for a PSE or training slot under Title II E, while all adults (possibly including older teenagers living under the same roof) in an AFDC-eligible family are eligible for Job Search Assistance.

Subcommittee suggests the following wording:

(2) The secretary shall first apportion not less than 85 percent of the funds for this subpart among the States on the basis of (1) the relative numbers of members of families who are eligible for aid to families with dependent children under Title IV-A of the Social Security Act in each State and who are 16 years of age or older, and (2) the relative costs...(etc. the rest unchanged)

The issue of "the most recent satisfactory available data" applies both to the formula as stated in the bill and the formula suggested by the subcommittee. HEW periodically conducts an "AFDC Recipient Characteristics Study," the most recently available of which is the 1975 study. The 1977 study should be published before the end of this calendar year, but the 1979 study is just getting under way. Census data from 1970 is both out of date and probably undercounted in terms of potential (or actual) AFDC recipients. Data from the 1980 census will not be available for 3 to 4 years after completion of the actual data gathering. The number of "eligible but not receiving (AFDC)," who must be served under the new program, is simply not available from HEW. They do feel that virtually all eligible single-parent families are now receiving benefits. HEW is estimating that there will be 100,000 new AFDC eligibles because of the mandating of the UP program. There is concern that "the best available data" for making allocation decisions may not be very good data.

The subcommittee agreed that if funding is in the form of an open letter of credit, with a guarantee for enough funds to serve all who apply, there will be fewer concerns about the validity of the data.

Native American Programs

The last go-'round on welfare reform stipulated that "not to exceed 2%" of funds were to be spent on Native American programs. The 15% set-aside is all out of proportion to the incidence of Native Americans in the population as a whole, and probably out of proportion to their incidence in the population of actual and potential recipients of AFDC. Information given to NGA staff from the Indian Health Service suggests that about one-third of families headed by Native Americans live below the poverty level. Based on a total Native American population figure obtained from the same source (total = 1,096,637), approximately 365,000 Native Americans would be below the poverty level. This does not necessarily mean they would qualify for AFDC. This figure, nonetheless, represents about 2% of the total AFDC recipients, using figures from HEW's 1975 Recipient Characteristcs Study. (3,419,671 recipient families = about 13,680,000 individuals (about 4 individuals per family, which is consistent with other data in the 1975 study), of which the 365,000 Native Americans would be approximately 2%.) This very rough calculation confirms DOL's figure from the Program for Better Jobs and Income legislation. The 15% set-aside should not be a back-door approach to a Secretary's discretionary fund. There should be a realistic Native American set-aside (3% - 5%), and a stated discretionary fund to be used by the Secretary for making readjustments due to changing labor market conditions.

NGA Welfare Reform Subcommittee suggestion:
The cash assistance bill should be changed to provide for the expanded AFDC-UP program for Native Americans to be administered by the Bureau of Indian Affairs, and to be 100 percent Federally funded. This would mesh with the current BIA general assistance program for Native Americans, and would create a direct Federal - tribal

(c) Financial assistance made available among the States for use in carrying out programs under this subpart shall not exceed 90 percent of the costs of carrying out programs in each such State. Non-Federal contributions shall be in cash.

ELIGIBLE INDIVIDUALS FOR JOB SEARCH ASSISTANCE

Sec. 253. Eligible individuals for assistance under this subpart shall be individuals (1) who are determined by the job search assistance program, in accordance with

relationship for both cash assistance and jobs. It also recognizes the continuing Federal responsibility for Native Americans and avoids the complications that would arise from situations in which reservations cross State lines.

States' Financial Contribution
An important information point: the 10 percent in-cash contribution from the States came about as a hedge against the possibility of one part of the welfare reform package passing and the other not. As originally conceived, and noted earlier, substantially more than half of the fiscal relief to the States came in the jobs component (removing recipients from State-federal AFDC payments, and putting them into 100 percent federally funded PSE or training if a private sector job has not been obtained). If the cash assistance reforms had passed in their original form, but not the jobs component, there would have been minimal fiscal relief to States. As a trade-off, the Administration increased the federal share of the AFDC match to 30 percent for the two-parents families only, and inserted a 10 percent cash requirement from the States in the jobs bill. The combined effect of these two changes does not alter the total costs to the States from original estimates, it merely distributes the fiscal relief evenly between the cash and the jobs components, and provides a hedge against the possibility of the cash assistance bill passing and the jobs bill getting hung up somewhere. Though it is considered remote, a question might be raised as to what happens if the jobs bill passes, but not the cash assistance.

Employment and Training Subcommittee preference is that States' contributions should be in cash or in kind.

Sec. 253.
The eligibility criteria here eliminate singles and childless couples as eligible for the program. NGA

Section 255 (c) (1) of this Act, to be adults in families which meet the eligibility standard for aid to families with dependent children under Title IV-A of the Social Security Act, or (2) who are registered under Title IV-C of the Social Security Act with the work incentive component of such job search assistance program.

DESCRIPTION OF JOB SEARCH ASSISTANCE ACTIVITIES AND SERVICES

Sec. 254. (a) Job search assistance programs under this subpart shall consist of appropriate services and activities, as described in subsection (c) of this section, designed to enhance opportunities for eligible individuals to secure earned income through regular employment.

(b) With respect to each State for which the Secretary has approved a comprehensive State plan under section 255 of this Act, job search assistance services and activities under this section shall be carried out pursuant to the provisions of such comprehensive State plan, and of cooperative arrangements thereunder between the State and prime sponsors designed to enable such services and activities to be provided on a coordinated basis in particular prime sponsor areas.

(c) Services and activities provided for participating individuals by job search assistance programs under this subpart shall include but not be limited to--

policy supports a program that would include such individuals (see: point #1 under C.-6, "Income maintenance should be available under a unified program to all eligible people below an established minimum income level.") Recognizing the reality of an incremental program in a budget-conscious Congress, there is a need to reinforce that whatever population is mandated to participate in a work component, a funding guarantee must exist. The reference to Title IV-A here is important because of a change that will come about by the passage of the cash assistance bill: Sec. 106 of the cash assistance bill creases the gender-neutral Unemployed Parent program, thus mandating coverage for two-parent families. The wording in this section is also designed to include those who are eligible for AFDC, but choose not to receive welfare payments.

Sec. 254.
This section lists the activities and services to be provided during job search assistance. A number of points need clarification.

(1) assessments of the skills and needs, and of the employability potential, of each individual;

(2) preparation of an employability development plan for each participating individual during the initial eight-week job search period, pursuant to arrangements which will minimize the burden on such individual and maximize coordination with the prime sponsor, thereby facilitating the further review and revision of such plan from time to time after the conclusion of such eight-week period in the case of individuals who are participating in work and training under subpart 2 of this part;

(3) counseling and testing;

(4) reasonable job search expenses, including transportation and child care expenses;

(5) job search programs to provide employment and training opportunities in the private or public sectors, which are not supported under this part, including (A) for each such individual, an intensive job search program for an eight-week period, and

Employability Development Plans

In (c) 2, what is the relationship between this employability development plan and the activities of the prime sponsor after the first 5 weeks of job search as provided in 255 (c) 11? Here, and later in Sec. 255, there are serious questions of coordination and avoidance of duplication. Assessment, testing, counseling, and putting together of an employability development plan are time-consuming and expensive procedures when done well and properly. It should not have to be done more than once per enrollee.

Job Search Questions

In c(5)A, is it wise to mandate eight weeks of job search for all participants without regard to skill level or previous employment history? Should there be a system of waivers for those whose skill level makes them clearly unemployable without some skill training? The eight-week period as proposed by the Administration is based on two premises: it addresses fiscal control issues, and it recognizes that the reality of labor market functioning, in that most people can and do find jobs in that amount of time. Recognizing that there will be some mandated period of job search, we feel three issues need to be addressed:

1. How can we write in flexibility?
2. If, after assessment of skills, etc., the JSAP and the prime sponsor agree that the individual must have training to enhance his or her employability, could that person bypass the remainder of the job search and go directly to training (not PSE)?

Section of the Bill	Staff Analysis/Subcommittee Recommendations
	3. How can we write in provisions for the use of OJT during the JSAP? Prime sponsors may use both OJT and WIN tax credit (or TJTC) as strong inducements to the private sector to hire and train enrollees. Both these tools ought to be available during the JSAP as well. *The Employment and Training Subcommittee agreed to both points 2 and 3, above; that is, the JSAP should have the flexibility to send an enrollee directly to training in cases of clear barriers to immediate employment (e.g., limited or no ability to speak English), but not to PSE; and some form of additional employer incentives-to-hire should be built in to the JSAP. Both OJT and Job Vouchers were suggested as possible vehicles for this additional incentive.*
(B) in the case of any such individual who has not been otherwise placed in employment after eight weeks of participation in a job search program, (i) if such individual is eligible for work and training under subpart 2 of this Act, referral to the prime sponsor for placement in a work and training position under subpart 2 of this part, or (ii) if such individual has not been placed in or is not eligible for work and training under subpart 2 of this part, continuing job search assistance as appropriate for each such individual;	5(B)ii: As the bill is written, only one category of individual would be ineligible, a person whose spouse is in PSE or training supported under IIE. This continuation of job search "as appropriate for each such individual" is open-ended and bears scrutiny by States, since such individuals would continue to receive AFDC payments. Should such individuals be given preference for CETA slots (OJT, WE training, or PSE) under other titles? Are there other ways in which the States' liability could be limited, or at least defined and thus anticipated for budget purposes? We must avoid having this become a Big Trap for States, as Congress may be reluctant either to find sufficient slots to assure either PSE or training to each IIE enrollee and may be equally reluctant to target slots from other parts of CETA to this population, reducing slot availability for other needy groups of people. *If, as has been recommended by both the Employment and Training and the Welfare Reform Subcommittee, the two parts of the jobs bill are written to be guarantees to the States and the prime sponsors for sufficient funds to serve all applicants, then this problem becomes moot. If it is not written that way, States*

(6) provision of urgently needed services determined by appropriate professional staff to be necessary to cope with work-impairing and emergency problems, but only if the participating individual approves or requests such services, including immediate medical, dental, clothing, and similar basic needs, during the eight-week job search period, with continuity in the provision of such services as may still be needed after such individual has accepted employment not supported under this part;

(7) provision of counseling, child care, health, rehabilitation, remedial services, and other supportive services which are needed to enable participating individuals to accept and to continue in employment not supported under this part;

(8) referrals to employment and training opportunities in the private or public sectors which are not supported under this part;

(9) job development, including job restructuring and related services, especially the development of new careers and efforts to overcome sex-stereotyping, including development of and referral to job opportunities for participating individuals in occupations which have traditionally been limited predominantly to persons of the opposite sex;

(10) development of and referral to job opportunities involving flexible working arrangements, including part-time work and flexible working hours especially designed to meet the needs of single parents of young children;

(11) group job search activities and other innovative job search activities; and

must be aware of the potential for some JSAP enrollees to stay in the program longer than eight weeks. Presumably AFDC payments would be reduced by the amount that the spouse in PSE or training is earning.

Administrative Questions
(c)6 and 7 call for the provision of certain specific support services, and (c)6 calls for "continuity in provision of services" after accepting employment. This latter, in particular, is also open-ended. Will the Secretary decide by regulation or will each State determine how long to provide these services?

E & T Subcommittee:
A technicality: the final word in both (6) and (7) ("part") must be changed to "Act."

Both (6) and (7) need time limits, as are now provided for support services under WIN after the enrollee has taken a job. The Subcommittee suggested a 30-day transition period, then a gradual phase-out of provision of services.

Section of the Bill	Staff Analysis/*Subcommittee Recommendations*
(12) in the case of eligible individuals who have been placed in work and training positions under subpart 2 of this part, the provision of follow-up services to provide referrals and other information with respect to the availability of job opportunities in the regular economy which are not supported under this part.	Under (c)12, for how long would this follow-up and referral last? Until the individual has completed the 78 weeks of PSE or training? In other words, must the State JSAP agency provide continual tracking until the recipient has moved into unsupported work? How will this coordinate with Sec. 265(a)6, which says that prime sponsors must provide for PSE and training enrollees under IIE "referrals to jobs in the private or public sectors which are not supported under this Act." In the Comprehensive State Plan, may the State designate the prime sponsor as the presumed provider of follow-up services to satisfy the requirement here? If so, perhaps this subsection should be written more clearly.
(d) The comprehensive State plan (and annual program modifications thereof) submitted by the Governor of each State under section 255 of this Act shall be accompanied by a description of cooperative arrangements (including any agreements) which shall be entered into by the State and each prime sponsor within the State for the purpose of carrying out job search assistance services and activities under this section in each prime sponsor area, including coordination of the responsibilities of State agencies and the prime sponsor. Such cooperative arrangements shall be considered provisions of the comprehensive State plan.	Part (d) of this section seems out of place here and much more appropriate to the following section, which describes the Comprehensive State Plan.
COMPREHENSIVE STATE PLANS Sec. 255. (a) In order for each State to receive financial assistance to carry out job search assistance programs under this subpart, the Governor of each such State shall submit to the Secretary a comprehensive State plan which shall set forth the administrative system designated for carrying out the State's responsibilities with respect to job search assistance programs under this subpart and the manner in which the work incentive program under title IV-C of the Social Security Act will be coordinated as a component within such system.	Sec. 255. NGA has long advocated the kind of flexibility for the States that is put forth here. The State is free to designate the administrative unit and systems for carrying out the JSAP, as well as build into the system the capacity for third-party contracting. The implications of this are that the States will have the most control over the program during the period when recipients are most tapping into State-provided funds. It is important to note the reference to the WIN program (Title IV-C). WIN and the new JSAP will become a single State-run program. The current WIN functions

(b) (1) Each comprehensive State plan shall be prepared as a long-term plan setting forth the programmatic and administrative arrangements to ensure that job search assistance programs throughout the State are designed and implemented in a manner consistent with the requirements of this subpart. Annual program modifications of the long-term plan shall be submitted to the Secretary for approval.

(2) Job search assistance programs under this subpart shall be planned and implemented throughout each State on the basis of areas which shall be coterminous with each prime sponsor area within the State and with subareas within the State prime sponsor area (as described in section 101 (d) of this Act).

(c) The Secretary shall, after consulting with the Secretary of Health, Education, and Welfare, approve a comprehensive State plan under this section (including annual program modifications thereof) only if satisfactory provisions are set forth for--

(1) administration of a job search assistance intake process, including determinations of eligibility with respect to individuals applying for assistance under this part, verifying the statements and information submitted in connection with applications, and taking any appropriate actions with respect to such applications;

(2) assessing needs for supportive services under this subpart, and specifying annually the total level of resources to be devoted to supportive services out of the funds made available under this subpart;

will be folded into the new program to create a coordinated system for intake assessment, job search, referral, and support services.

E & T Subcommittee: subsection b(2) should be rewritten as follows:

(2) Job search assistance programs under this subpart shall be planned and implemented throughout each State on the basis of agreements that shall be negotiated between the Governor and each prime sponsor within the State.

Subsection (c)1 -- 15 contain the meat of this section, that is, the services and activities that must be provided for in the comprehensive state plan (CSP). Many of these 15 provisions parallel the activities listed in Sec. 254, and are subject to some of the same questions we raised there.

(3) providing job search assistance, including supportive services, under section 254 of this Act throughout the State;

(4) arranging for the provision of job search assistance services, including supportive services, through public and private agencies and organizations, including project applicants such as community-based organizations, after affording such agencies and organizations the opportunity to submit applications to provide such services;

(5) assuring that health, vocational rehabilitation, child care, and other supportive services will be provided in accordance with regulations issued under section 257 of this Act;

(6) assuring that supportive services necessary to enable individuals to participate in employment or training will be provided, based on an appraisal of the individual's need for such services, involving professionals in the fields of employment and training and supportive services together with the individual, with periodic reviews by such professionals to assure that needed services are being provided to such individual;

(7) assuring that assistance will be provided to single parents of young children 6 years of age or younger who desire employment and training services and opportunities under this part;

(8) making determinations as to whether a bona fide job offer has been refused without good cause, in accordance with section 266 of this Act;

(9) maintaining an administrative review process, including opportunities for hearings and appeals with respect to determinations of eligibility for programs under this part and determinations described in subparagraph (8);

Section of the Bill	Staff Analysis/*Subcommittee Recommendations*
(10) making referrals to the appropriate prime sponsor, for placement under subpart 2 of this part in work and training positions, of principal earners in families with children who have participated in an eight-week period of job search assistance under this subpart, unless it has been determined that, during such eight-week job search period, a bona fide job offer was refused without good cause by such person in accordance with section 266 of this Act;	
(11) entering into cooperative arrangements with prime sponsors to provide appropriate services for participating individuals throughtout the job search period and to enable the prime sponsor to join in the assessment of employment-related needs and the development of employability plans for such individuals, with special provisions after the fifth week of an individual's eight-week job search period to enable the prime sponsor to assess the particular employment and training needs, based on experience during the job search period, of individuals who might be referred to the prime sponsor at the conclusion of the eight-week period for placement in a work and training position under subpart 2 of this part;	In the discussion of Sec. 254, we indicated that the language in the bill needs to make clear that only one employability development plan per enrollee should be created. This should not be done at the outset by the JSAP, and again after the fifth week by the prime sponsor; it is all one employability development plan. *E & T Subcommittee: Instead of "after the fifth week" the wording should be "at least three weeks prior to the end"*
(12) coordinating, to the maximum extent feasible, job search assistance programs under this subpart with economic development and community development activities within the State, and such other activities assisted by the Federal government or State or local governments as are related to employment and training;	In point #12, there is a requirement for coordination with community and economic development activities. Coordination is difficult to implement when the administrative units of the other activities have no desire, mandate, or incentive to link up to the CETA program, in this case the JSAP.
(13) making appropriate arrangements with the private sector (including private employers and associations thereof) to provide job search assistance services and activities, in conjunction with private industry councils established under the private sector initiatives program authorized by title VII of this Act;	*E & T Subcommittee:* *In (13), delete "inconjunction with..." to the end, and insert "after consultation with Private Industry Councils established under the private sector initiatives program authorized by title VII of this Act and other employer groups operating within the State Employment Security Agency."*

(14) specifying annually any services under the provisions of this or any other Act which will supplement services provided under this subpart for recipients of aid to families with dependent children, and assuring that in no event will the total level of such services under this subpart be used to supplant services otherwise provided during the preceding year under this or any other Act.

(15) assuring that during each year there will be no reduction in the proportionate amount of resources devoted to services per recipient of aid to families with dependent children in such State (whether from Federal or non-Federal contributions) from the amount so provided during the preceding year under this subpart and title IV-C of the Social Security Act.

(d) The State plan shall set forth procedures, in accordance with regulations issued under section 257 of this Act, to assure that job search assistance programs in such State will transmit promptly to the appropriate State welfare agency such notifications as may be required by regulations concerning determinations made with respect to any individual who is registered with a work incentive program under title IV-C of the Social Security Act and participating in a job search assistance program under this subpart, including notifications whenever any such individual--

(1) has been placed in employment not supported under this part or has been placed in a work and training position under subpart 2 of this part; or

(2) has not been so placed at the conclusion of eight weeks after such individual began an eight-week job search period under section 254 (c) (5) (A) of this Act.

Point #14, specifies a maintenance-of-effort of certain existing services in a remarkably open-ended fashion: services provided under this or any other Act (emphasis added) may not be reduced below the level of the prior year. If appropriations are not forthcoming under federally-funded support, social services, and rehabilitation programs, would the State have to absorb the cost of this maintenance-of-effort?

Point #15 is subject to the same set of doubts. States must assure that the proportionate amount of resources devoted to services per recipient of AFDC will not be reduced from the previous year. The current language in both 14 and 15 in unacceptable.

Some States have county-based or area-based planning units for Title XX and other services. The State cannot order these services to be provided as stipulated here. California, for example, says these provisions violate its Title XX planning process.

DEVELOPMENT AND REVIEW OF COMPREHENSIVE STATE PLANS

Sec. 256. (a) The long-term comprehensive State plan and annual program modifications thereof shall be prepared and developed with the active participation of the State employment and training council (established in accordance with section 110 of this Act). Such council shall continually monitor the arrangements for carrying out the job search assistance programs in its State and shall during each year review the comprehensive State plan and the annual program modifications thereof and make such recommendations for changes as it deems desirable.

(b) Each State shall, in the development of its comprehensive State plan and annual program modifications thereof, actively involve the participation of all prime sponsors in the State and the State welfare agency, the State employment security agency, and the agency responsible for services under title XX of the Social Security Act. The proposed comprehensive State plan and annual program modifications thereof shall be transmitted to each such prime sponsor and State agency to afford an opportunity for changes to be taken into account before the Governor officially submits the plan to the Secretary for approval, and shall likewise be made available to the general public for comments.

Sec. 256.

From NGA policy on welfare reform: "NGA believes that the states must play an important role in the administration of these programs, and we suggest that the legislative provide the flexibility and authority needed to make such a role possible." While we have had some specific problems with some of the wording and some of the assumptions in this bill, this section and the preceding ones on JSAP have largely conformed with NGA policy that States play a major role in the planning and implementation of any new welfare programs.

This section delineates those agencies that should be involved with the State in the planning process, and establishes procedures for review of the CSP. The original 1973 CETA legislation contained a monitoring function for the SETC, which was deleted from the 1978 amendments. It is clear here that congress wishes to recreate the monitoring function of the SECT for the purposes of the JSAP.

Section of the Bill	Staff Analysis/*Subcommittee Recommendations*
(c) Any prime sponsor may appeal to the Secretary, when the comprehensive State plan (or any annual program modification thereof) has been submitted to the Secretary for approval, stating any reasons for dissatisfaction with arrangements thereunder for carrying out job search assistance programs in the area served by such prime sponsor (including reasons for failure of the prime sponsor and the State to enter into cooperative arrangements). The Governor of the State shall be afforded the opportunity to respond to such appeal.	*The subcommittee feels that subsection (c) is too vague and open-ended. Under what criteria could the prime sponsor appeal to the Secretary? The subcommittee, therefore, recommends that language be inserted that would assure that the prime sponsor should first have to appeal to the Governor. Appeals to the Secretary should be restricted to what is in the plan and to the plan development process.*
(d) Changes may be required in the comprehensive State plan or any annual program modification thereof as conditions for approval if the Secretary determines that arrangements thereunder for the provisions of job search assistance services and activities, or for the coordination thereof, in any prime sponsor area are not satisfactory in view of the purposes of this subpart.	
(e) With respect to any State for which no comprehensive State plan has been submitted to, and approved by, the Secretary to carry out job search assistance programs under this subpart, or with respect to any State or area thereof where the Secretary determines that job search assistance programs under this subpart are not being satisfactorily implemented, the Secretary shall use funds made available for use in such State under section 252 of this Act to make payments directly to public agencies or private non-profit organizations for the purpose of carrying out job search assistance programs in such State or area.	Under the provisions of (e), what would happen to the 10 percent cash contribution? The wording in Sec. 252(c) is "nonfederal contributions..."If the money goes to a CBO or prime sponsor under the provisions of 256(e), would the same cash requirement be made. That must be spelled out here. *E & T Subcommittee recommends adding the following language at the end of (e):* *In accordance with Section 252(c), Federal financial assistance to such agencies or organizations shall not exceed 90 percent of the costs of carrying out the program in the designated area. Non-Federal contributions from such agencies shall be in cash.* *If Sec. 252 is changed to allow in-kind contributions from States, this provision should be changed accordingly.*

REGULATIONS

Sec. 257. (a) The Secretary shall issue regulations to carry out the purposes of this subpart only after the Secretary of Health, Education, and Welfare has agreed to such regulations.

(b) Regulations issued under subsection (a) of this section shall include provisions--

(1) establishing eligibility requirements under clause (1) of section 253 of this Act, which are consistent with eligibility standards for aid to families with dependent children under title IV-A of the Social Security Act and shall be revised at least annually to update such requirements;

(2) ensuring that health, vocational rehabilitation, child care, and other supportive services will be provided in accordance with criteria approved by State agencies determined by the Secretary of Health, Education, and Welfare to be responsible for such services.

Sec. 257.

SUBPART 2 - FEDERALLY-ASSISTED WORK AND TRAINING OPPORTUNITIES

AUTHORIZATION OF APPROPRIATIONS

Sec. 261. There are authorized to be appropriated such sums as may be necessary to carry out this subpart.

Sec. 261.
The "such sums as may be necessary" language present particular problems for states in this section. DOL is currently requesting funding for 400,000 new PSE and training slots, plus redirection of 200,000 existing slots to serve the AFDC population. There are, however, no assurance that this is an adequate number. Changes in the economy between now and 1982 could alter this picture drastically. In addition, many informed people disagree on the numbers of people who may qualify and request services under the broadened AFDC-UP program. The problem for the States is that if there are insufficient PSE and training slots, enrollees must be continued on JSAP/welfare. The NGA Human Resources SAC recently suggested that this part of the program be made an entitlement to the States. That is, the Congress should authorize sufficient funds to provide PSE or training for as many enrollees as need it after the completion of the eight-week job search. We stress that we are not requesting an entitlement to a job for the individual, but an entitlement to create as many jobs as are needed. Furthermore, there is a serious question about the redirection and targeting of other CETA slots to Title IIE enrollees. In Sec. 233 of this bill, Title IID is amended so that 62.5 percent of its funds must be spent on PSE and training for participants who qualify under IIE. This earmarking of IID slots is part of the administration's set of fiscal assumptions on the availability of slots for AFDC recipients. Title IID is also a "such sums as may be necessary" program, and thus subject to Congressional whim, that is, it would be possible for the funding not to be available. In addition, this would reduce the level of services to other needy individuals. Singles and childless couples have been excluded from eligibility

FINANCIAL ASSISTANCE

Sec. 262. (a) The sums which shall be made available from appropriations to provide financial assistance under this subpart for each fiscal year shall be apportioned by the Secretary on an equitable basis, in accordance with subsection (b), among prime sponsors for the purpose of providing work and training opportunities under this subpart, and among Native American entities described in section 302 (c)(1)(A) of this Act for the purpose of providing work and training opportunities described in section 265 (a) of this Act.

(b)(1) Payments of financial assistance under this subpart may be made on the basis of estimates, pursuant to paragraph (2), but adjustments shall be made in the amount of any payment to the extent that the payments previously made were more or less than the amounts which the Secretary determines to be appropriate in view of the number of participants actually served.

for cash assistance in this year's welfare reform, as was mentioned earlier. Do we want to reduce further the services to disadvantaged non-AFDC CETA enrollees? Is it likely that Congress will allow this redirection of slots, and if not, what happens to the fiscal relief for the States? These issues, we feel, can be better handled by creating a program that guarantees as many PSE and/or training slots as there are enrollees to fill them.

The E & T Subcommittee feels there should be a larger role for States in this part of the program. Funding for PSE and training should go to Governors to negotiate with prime sponsors to carry out the provisions of the Work and Training Opportunities part of the legislation. There must be a guarantee for sufficient funds to serve the eligible population. This would make IIE stand on its own, and not be dependent on the earmarking of slots from IID.

Sec. 262.
Many of the same objections can be raised here as were raised in our discussion of the allocations of funds under Sec. 252:

Subsection (b)(2) does not specify how often payments will be made and also carries the language indicating "recipients" of AFDC as a basis for allocation rather than "families." There is a need to change this to indicate families as the basis on which to compute allocations must be made. We also have in this section the lack of clarity over the 15 percent funds. Will it all go for programs for Native Americans? Is this

(2) The Secretary shall first apportion not less than 85 percent of the funds for this subpart among prime sponsors on the basis of appropriate factors, including taking into account the relative numbers of recipients of aid to families with dependent children under title IV-A of the Social Security Act in the area served by each prime sponsor and the relative average costs of providing each work and training opportunity under this subpart in each such area, as estimated by the Secretary on the basis of the most recent satisfactory available data. The remaining funds shall be made available from time to time, as the Secretary determines to be appropriate, to provide financial assistance under this subpart (including financial assistance for Native Americans entities described in section 302(c)(1)(A) of this Act.)

ELIGIBLE PARTICIPANTS FOR FEDERALLY ASSISTED WORK AND TRAINING OPPORTUNITIES

Sec. 263. (a) For purposes of this subpart, an eligible participant shall be an individual whom the Job search assistance program under subpart 1 of this part determines at the time of referral to the prime sponsor for placement in a work and training opportunity under this subpart, to be an individual who--

(1) has participated in a job search assistance program under section 254 of this Act for a period of eight-weeks prior to the time such individual is placed in a work and training position under this subpart;

(2) has not, since the beginning of such job search period, refused a bona fide job offer without good cause, in accordance with section 266; and

(3) is the principal earner in a family with a child.

representative of their incidence in the population or their need? NGA staff suggests wording on Native American programs simillar to that of the Program for Better Jobs and Income, that is, an amount not to exceed 2 percent (or more, if more is realistic) of the total funds.

E & T Subcommittee:
In b(2) change the word "recipients" to "families." Funding should be on the basis of an open letter of credit with carry-over of excess and a once-yearly adjustment for over- or under-spending, preferably at the end of the 3rd quarter.

Sec. 263.
This section clearly indicates that it will be the JSAP, that is the State-run program, that will determine eligibility to participate in PSE or training under IIE. If Sec. 254(c)5(A) is changed to provide a waiver system for those who are clearly in need of training, rather than retaining them in job search for eight-weeks, these eligibility criteria will have to be changed also. Subsection (b) makes an important point: prime sponsors may not discriminate in placing individuals between those who are receiving AFDC and those who are eligible but electing not to receive payments.

E & T Subcommittee:
In subsection a(1) delete "a period of eight-weeks" and substitute "an appropriate period of time." This will conform with the concept that some clients will go directly to training after conclusion of the employability development plan.

(b) In placing eligible participants in work and training positions under this subpart, equal opportunities shall be made available to individuals who qualify under clauses (1) and (2), respectively, of section 253 of this Act.

COST LIMITATIONS

Sec. 264. (a) Not more than 20 percent of the funds made available to a prime sponsor under this subpart may be used for the costs of administration of programs under this subpart (including the provision of training and supportive services) and related allowable costs (such as supplies, materials, and equipment) incurred by the prime sponsor, project applicants, or subgrantees or contractors, in accordance with such regulations as the Secretary shall prescribe.

(b) The remaining funds available to each prime sponsor under this subpart shall be used for wages (including compensation for time spent in training) and employment benefits to persons placed in work and training positions in accordance with this subpart.

FEDERALLY-ASSISTED WORK AND TRAINING OPPORTUNITIES

Sec. 265. (a) The Secretary shall provide financial assistance to enable prime sponsors and Native American entities described in section 302 (c)(1)(A) of this Act to provide work and training opportunities (including any combination thereof) to eligible participants under this subpart, including--

Sec. 264.
This section is one of the most important parts of the legislation. By putting a cap of 20% of funds for use in administration and defraying the costs of training, including materials and so forth, the Administration is arguing that jobs, not training, are the only solution. By altering the 20% cap, the entire complexion of the legislation changes.

The E & T subcommittee strongly disagrees with this limitation. The most employable enrollees will, presumably, get jobs during the JSAP. Those who are left will be most in need of training in order to become more employable. NGA strongly disagrees with a nearly solely PSE program for welfare recipients. In addition, these provisions create administrative difficulties because of differences in treatment of other parts of Title II. These administrative differences add to the overall cost of CETA because of additional accounting burdens. Sec. 264(a) should conform to the CETA regs at 676.41, which has six allowable cost categories: administration, wages, training, fringe benefits, allowances, and services.

Alterations in this section are the most important ones in the proposed legislation.

Sec. 265.
We have a number of questions about this section:

Section of the Bill	Staff Analysis/*Subcommittee Recommendations*
(1) the provision to eligible participants of public service employment opportunities in activities and projects that may also include individuals participating under part D of this title;	Subsection (a)(1) indicates that individuals served under IIE are also eligible for PSE provided under IID. As we shall see in 265(b)(2), there is an important difference: IID participants may serve in a PSE slot for no more than 78 weeks in any five year period. Participants in IIE may serve in repeated 78-week PSE or training slots if each such period is interspersed with an eight-week job search. If a IIE enrollee is in a IID slot, which rules apply, the more restrictive IID rules or the more open-ended IIE rules? Suppose on the second go-around there are no IIE slots available, but there are IID slots, could an enrollee who had already been in 78 weeks of PSE or training occupy that slot? This needs clarification. *The E & T Subcommittee agreed that this problem would be moot if IIE is designed as an entitlement to sufficient funds to serve all eligible applicants. Sec. 4 (changes in IID funding) would thus be deleted.*
(2) the provision to eligible participants of training and other services and activities described in part B of this title, including classroom instruction, skills training, on-the-job training, and appropriate work experience;	
(3) the provision of appropriate supportive services necessary to enable eligible participants to undertake and continue in work and training under this subpart;	Subsection (a)3 indicates that support services during PSE or training will be provided by prime sponsors, that is, will be 100 percent federally funded. How will the transition from JSAP support services to prime sponsor support services be carried out? The concern here is that the client may slip through the cracks, that is, that there will be an interruption in needed services while the client is moving from the JSAP to the CETA system. *The subcommittee feels that these support services linkages should be spelled out in the JSAP statewide plan, in the agreements between the JSAP and each prime sponsor, and in the prime sponsor's own annual plan.*
(4) appropriate provisions for flexible working arrangements such as part-time work and flexible working hours, with special efforts to provide such opportunities during hours which accommodate the needs of single parents of young children, including hours of work enabling single parents of young school-age children to be at home when their children are out of school and at home without suitable care;	

Section of the Bill	Staff Analysis/*Subcommittee Recommendations*
(5) in the case of any eligible participant who leaves a work and training position under this subpart due to incapacity or a short-term job (as shall be defined in regulations issued by the Secretary), appropriate provisions assuring, to the maximum extent feasible, that a similar work and training position to that which was vacated by such individual shall be available under this subpart upon the eligible participant's return; and	Subsection (a)5, "short-term job" is inconsistent with Sec. 2[illegible]6, the definition of good cause for refusing a jobe offer. A job offer may be refused if it is for less than four weeks. Should structurally unemployed individuals be encouraged, as is implied here, to interrupt their training or PSE to take a short-term job? *The Subcommittee feels that it would be disruptive to have enrollees dropping in and out of PSE, and difficult for prime sponsors to create a PSE program that is constantly expanding and contracting. The subcommittee very specifically felt that enrollees in training should not be encouraged to drop out for a brief time to take jobs. In addition to the training problem, there are two other concerns: What would be the UI status of enrollees after the short-term job? and how would prime sponsors monitor this situation?*
(6) referrals to jobs in the private or public sectors which are not supported under this Act.	
(b) (1) No individual shall participate in work and training under this subpart for more than seventy-eight weeks (without excluding therefrom any time such individual spent away from such work and training during such period) unless such individual has participated in a renewed job search period of eight-weeks (as described in section 254 (c)(5)(A) of this Act) during or at the end of each such seventy-eight week period.	Subsection (b)(1) raises a question about the advisability of requiring repeated job searches for those who will probably always need some sort of supported work environment (disabled, marginally retarded, etc.). Should we require the eight-week job search for all enrollees, or should the law provide waivers for such individuals? *The E & T Subcommittee recommended individual waivers, based on professional or medical determination, to handle this problem. Also, delete "without excluding therefore" and insert "including."*
(2) Notwithstanding section 121(c) and section 122(h)(2) of this Act, eligible participants who have not found jobs which are not supported under this part after eight weeks of renewed job search activity (as required pursuant to paragraph (1) of this subsection) may again participate under this subpart in other work and training positions which shall be designed to enable such individuals to move into employment not supported under this part as soon as possible. In no event may any such individual participate in work	Subsection (b)2 raises substantial questions. What system will be providing financial assistance to enrollees during the second job search assistance, Unemployment Insurance? AFDC? If UI pays, do the more lax job search rules of UI apply or the presumably more intensive rules under JSAP? If an individual has been in training for 78 weeks, he or she will not be eligible for UI; will that individual return to AFDC payments? What systems are paying for support services during this period?

Section of the Bill	Staff Analysis/Subcommittee Recommendations
and training under this subpart for further periods of 78 weeks unless such individual has completed a renewed eight-week job search period during or at the end of each such 78-week period as required by paragraph (1) of this subsection.	*After much discussion, the E & T Subcommittee was unable to resolve this problem. Members agreed to take the question back to their State UI and AFDC people. Subsequent phone calls find the States represented on the subcommittee fairly evenly divided on whether enrollees should go onto UI or AFDC. Current NGA policy on UI ("4. Unemployment compensation benefits should be considered in calculating benefit entitlements under other income maintenance and social insurance programs in order to maintain appropriate work incentives.") implies that the UI system should be tapped first. Since CETA will have paid the benefits for PSE workers, their UI benefit payments will be coming at least partially from Federal dollars. This, however, does not speak to the enrollee who has been in training for 78 weeks and has no UI credits.* *The relevant committees of NGA will develop a final position on UI versus AFDC for second and subsequent job searches under welfare reform.*
(c) The Secretary shall provide financial assistance to a prime sponsor under this subpart only if--	
(1) satisfactory provisions are set forth in the prime sponsor's comprehensive employment and training plan under section 103 of this Act (including its annual plan for carrying out activities under this title) for providing work and training opportunities described in subsection (a) of this section; and	
(2) the prime sponsor has made appropriate arrangements with the job search assistance program under subpart (1) of this part which are designed to assure a continuous sequence of services for individuals participating in activities under subpart (1) and this subpart.	*E & T Subcommittee:* *Delete "which are designed"*

SPECIAL CONDITIONS

Sec. 266. For purposes of eligibility for participation in a work and training position under this subpart, determinations as to whether an individual has refused a bona fide job offer without good cause shall be made in accordance with standards and procedures which the Secretary shall prescribe by regulation. An individual shall not be found to have refused a bona fide job offer without good cause if--

(1) the rate of pay for the job offered to such individual is less than the highest of--

(A) the Federal minimum wage under section 6 (a)(1) of the Fair Labor Standards Act of 1938;

(B) the applicable State or local minimum wage; or

(C) the rate of pay for persons employed in equal work by the same employer in the same establishment;

(2) the conditions of work or training are unreasonable for such individual because of the hours of work, geographical location, health or safety conditions, or similar factors;

(3) (A) in the case of the only adult (other than an aged, blind, disabled, or incapacitated individual) in a family with one or more children 6 years of age or younger, the job offered to such individual would make it impractical to provide suitable care for any such child; (B) in the case of the only adult (other than an aged, blind, disabled, or incapacitated individual) in a family with one or more children over 6 years of age but under 14 years of age, the job offered to such individual would involve hours of work which would make it impractical for such individual to be at home duing hours when any such child is out of school and at home without suitable care; or (C) in the case of any other individual, the job offered to such individual would provide total weekly earnings lower than an amount equal to

Sec. 266.
For reading continuity, this section would be better placed in the JSAP section. That is where it appeared in an earlier draft (under the title "Work Requirement") and that seems a logical place for it. The wording here is consistent with that of Title IV-C (WIN).

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the hourly minimum wage under section 6 (a)(1) of the Fair Labor Standards Act of 1938 multiplied by 40 hours;

(4) the job offered is available due directly to a strike, lockout, or other labor dispute; or

(5) the job offered is for less than 4 weeks.

DEFINITIONS

Sec. 3. Section 3 of the Comprehensive Employment and Training Act is amended by adding at the end thereof the following:

(32) The Term "family with a child" means a family which includes at least one child who is (A) an individual under 18 years of age, or (B) in the case of an individual attending elementary, vocational, or secondary school, or participating in a training program meeting criteria established by the Secretary, an individual under 21 years of age.

(33) The term "principal earner" means an individual who is a member of a family in which no other individual is already participating in a work and training position under subpart 2 of this part and who--

(A) based on the six-month period immediately preceding application for assistance under this part, is (i) the parent who was the sole adult earner in the family, or (ii) either the parent in the family who had the largest total amount of earned income during such period or the parent in the family who worked the largest total amount of hours during such period, or (iii) either of the parents in the family if no parent had any earned income or each parent had an equal amount of earned income or worked an equal amount of hours; or

Sec. 3.
The definitions section of CETA is amended to define the terms "family with a child" and "principal earner." Both these definitions read the same as those in the Social Welfare Reform Amendments. The principal earner concept creates the gender-neutral AFDC-Unemployed Parent Program. During hearings on the cash assistance bill, it was suggested that a simpler way of handling this definition would be to let the two adults between them decide who is to be the principal earner, and thus the participants in the program. To gain maximum benefit from the available programs, both adults could participate in the JSAP (as is allowed), with the one who has the weakest skills (to be decided between the two adults with the counseling of prime sponsor or JSAP staff) continuing on Work and Training Opportunities program.

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(B) is the spouse of a parent who would qualify under subparagraph (A) if (i) the parent who qualifies under subparagraph (A) is not employed or in training after an eight-week period has concluded, an (ii) a succeeding eight-week period has occurred, and (iii) the spouse has completed an eight-week job search period under section 254 (c)(5)(A) of this Act (which may be concurrent with the other spouse's eight-week job search period); or

(C) is another member of a family in which the parent or spouse who would otherwise qualify under subparagraph (A) or (B) of this paragraph has died or is disabled or incapacitated or otherwise not currently available for work.

AMENDMENTS TO PART D OF TITLE II

Sec. 4. Effective with respect to fiscal year 1982--

(1) Section 233 (a) of the Comprehensive Employment and Training Act is amended to read as follows:

Sec. 233. (a) Of the funds mad available for carrying out this part, the Secretary shall apportion not to exceed 62.5 percent thereof or, if lower, an amount which is equal to the sums made available for carrying out the provisions of this title other than this part and part E, among prime sponsors (taking into account the facts set forth in section 262 (b)(2) of this Act) to provide public service employment opportunities for (1) principal earners in families with children who are eligible under section 236 (a)(2) of this Act as receiving or eligible for aid to families with dependent children under Title IV-A of the Social Security Act, and (2) individuals who are eligible under section 236 (a)(1)(B) of this Act in the case of recipients of general welfare assistance for whom the provision of public service employment opportunities under this part would be the most effective use of available resources, as demonstrated to the satisfaction of the Secretary by the Governor of the State providing such general welfare assistance. The remainder of the funds

Sec. 233.
We have raised the questions surrounding the earmarking of IID funds for IIE enrollees in our discussion of Sec. 261. It is important to remember that if Congress is not responsive to our request that enough money be appropriated to assure slots for all IIE eligibles, this IID change is part of the assumptions about fiscal relief for the states. If, as is possible, Congressman Hawkins disallows this transfer of slots as well, there will be a severe shortage of slots, and States will be responsible for maintaing these individuals on AFDC and in the JSAP program.

E & T Subcommittee:
Amendments to IID need to be deleted as superfluous because our position is that IIE should carry a guarantee of sufficient funds to serve all eligible applicants.

made available for carrying out this part shall be allocated by the Secretary in accordance with subsection (b) of this section.

(2) The second sentence of section 233 (b) of such act is amended by inserting "remaining" before "amounts."

(3)(A) Section 236 (a)(1) of such Act is amended by striking out "who is" and inserting in lieu thereof "who (A) is" and by inserting after "or" the following: "(B) is receiving general welfare assistance approved by a State welfare agency, or."

(B) Section 236 (a)(2) of such Act is amended by striking out "who is, or whose family is receiving aid to families with dependent children" and inserting in lieu thereof "who or whose family is receiving or meets the eligibility standard for aid to families with dependent children", and by striking out "or who" and inserting in lieu thereof "and who has concluded an eight-week period of job search as described in section 254 (c)(5)(A) of this Act, or (3) who."

EFFECTIVE DATE

Sec. 5. The amendments made by this Act shall be effective beginning October 1, 1981.

NGA POLICY POSITION PASSED AT THE 1979 SUMMER MEETING IN LOUISVILLE, KENTUCKY

Youth Employment and Training Programs

At a time when the nationwide unemployment rate is 5.8 percent, the rate for young people is nearly three times as high and that for black youth is nearly six times as high. These figures indicate that youth employment problems must continue to be a special focus of a comprehensive broad-based employment and training system. It is in the best interest of both society and individual youth that early workforce experiences for young people be positive.

We believe that the legislative tools for improving the youth employment picture are predominantly in place; a key is Title IV of the Comprehensive Employment and Training Act. Certain basic administrative changes, however, must be made to make youth employment and training programs more effective and efficient.

Governors' statewide youth set-aside funds have proven a valuable tool for serving youth who might not otherwise be served. These funds have financed many innovative and experimental programs, and have included programs for youth under state supervision (physically handicapped, mentally retarded educable youth, emotionally troubled, and youth in foster homes, orphanages, or public shelters), programs providing labor market or occupational information, programs establishing cooperative arrangements between state and local institutions, expanded or experimental apprenticeship programs, and model employment and training programs. We support the continuation of these statewide youth services grants as a proven and effective means of serving the employment needs of youth.

In considering any program that attempts to solve youth employment problems, it is impossible to ignore the issue of coordination of these programs with programs administered by Local Education Agencies (LEAs). During the demonstration period of the CETA youth programs, a number of problems of coordination have emerged and must be addressed. For example, differing planning and funding cycles of LEAs and CETA have created a barrier to effective linkages, as has the lack of a stronger incentive for LEAs to participate in coordinated, integrated efforts.

To address these needs and a number of others that are relevant to creating an effective nationwide youth employment program, the National Governors' Association recommends that Congress consider the following issues during the reauthorization of the youth employment legislation:

1. Consolidation of Programs

In order to streamline and consolidate programs, all youth employment and training programs should be included under Title IV of CETA and, with the exception of the Job Corps and the Young Adult Conservation Corps, should be decategorized within that title. Youth programs should be forward funded and should have uniform eligibility criteria, such as age, family income, length of time of unemployment, and whether the youth are in school or out-of-school. Eligibility criteria must not serve as incentives to drop out of school. The Job Corps should remain as currently legislated, with continued emphasis on the residential component.

2. Youth Conservation Programs

The current administration of youth conservation programs at the federal level is unnecessarily complex. The Young Adult Conservation Corps should be merged into the Youth Conservation Corps, with equitable funding among the states assured. The states should have the option to administer the programs. States' conservation program set-asides should be allocated to the Governors.

3. Statewide Recruitment and Referral Systems

Consistent with the National Governors' Association policy on the rewrite of the Wagner-Peyser Act that states are in a unique position to provide effective planning, administration, and coordination of employment-related programs, we recommend that responsibility for developing and coordinating a statewide, integrated system of recruitment, intake, and referral for all CETA youth programs be lodged with the Governors. This change, combined with uniform eligibility for programs and coordination of funding and planning cycles with other youth programs, should improve substantially the efficiency and cost-effectiveness of CETA youth programs.

4. Maintenance of Effort

The maintenance of effort requirement in serving youth under other titles of CETA should be repealed. The repeal would allow greater flexibility in serving both youth and other target groups and would eliminate potential conflicts under proposed welfare reform legislation.

5. Nontargeted Funds

Although the majority of youth programs should be targeted to low-income, disadvantaged youth, a percentage, such as 10 percent, of both regular youth funds and Governors' statewide funds should be available to serve youth of any income level. These funds should be as free of restrictions as possible to encourage experimental programs.

6. CETA/LEA Linkage

Because both the education system and CETA serve youth, linkages between the systems should be encouraged. It is imperative that the planning and funding cycles of CETA and the education system be coordinated. This can be accomplished most easily by forward funding CETA. Employment and training funds should continue to flow through CETA because CETA is a targeted program and education systems are designed to serve all youth. The focus of linked CETA and education funds should be to enhance such programs as school-to-work transition, school-based apprenticeships, and cooperative education.

7. Integrated Grant Applications

Current federal administrative practices and procedures, particularly in the employment and training area, discourage integrated grant applications. When locally agreed-upon grant applications, such as CETA/LEA, meet certain minimum criteria, affected federal departments, at both the national and regional levels, should allow localities maximum flexibility to carry out the program.

8. Private Sector Initiatives Program

Sufficient linkages between the Title VII Private Sector Initiatives Program (PSIP) and CETA youth programs exist in the current law, but PSIP has not been in place long enough to assess the implementation of these mechanisms.

9. Secretary's Discretionary Funds

We support the continued use of the secretary's discretionary funds to carry out national research efforts, especially in such areas as wage subsidies or other incentives to hire youth, and improvement of program performance measures.

Public service employment jobs should be distributed equitably within a local area to units of government based on each unit's pro-rata share of the public workforce.

The Department of Labor should undertake an intensive evaluation of the management information systems currently used in all federally funded employment and training programs. This assessment is necessary to ensure that appropriate data are being collected to meet congressional evaluation needs; to ensure commonality of key data definitions among the various programs; and to ensure that data generated from management information systems are available on a continuous basis at the state level to facilitate effective program monitoring, review, and self-evaluation.

Consortium arrangements should be approved only by the federal government after review and approval by the Governor. This measure is necessary to ensure that such arrangements are compatible with interstate labor markets and accepted substate delivery mechanisms.

The implementation of the new private sector initiative program throughout the country should be closely coordinated with Governors to ensure that designated program areas encompass labor market areas. This is particularly critical in local labor markets that contain multiple prime sponsors. The success of the program will be highly dependent upon the ability to provide services within an entire labor market area, irrespective of local prime sponsor jurisdictional boundaries.

Current Legislative Mandated Advisory Councils

LOCAL

	PRIME SPONSOR PLANNING COUNCIL	YOUTH COUNCIL	FIC's	LOCAL VOC ED ADVISORY COUNCIL	TITLE I (ESEA) DISTRICT ADVISORY COUNCIL	TITLE I ESEA SCHOOL ADVISORY COUNCIL	PROPOSED YOUTH EDUCATION & TRAINING DISTRICT EDUCATION WORK COUNCIL	PROPOSED YOUTH EDUCATION & SCHOOL-SITE ADVISORY COUNCIL
Business and Industry	X	X	X	X			●	●
Prime Sponsor Planning Council			X		Elected by parents of children being served in program. Majority of members must be parents.	Elected by parents. Majority must be parents. Represents local school or project area.		1/3 members must be school site teachers
Labor	X	X	X	X				●
FIC's	X						●	
Public Assistance	X			Not specific as to jurisdictions that Council draw from.				
Employment Service	X	X						
Local Government Services for Youth		X					●	
Local Vocational Education Agency	X							
Local Vocational Education Advisory Council		X						
LEA	X	X	X					
Post Secondary	X	X	X					
CBO's	X	X	X				●	●
Education and Training Organization		X						
Prime Sponsor		X						●
Veterans Organization	X							
Handicapped Organization	X							
Youth		X					●	●
Parent's					X	X	●	●
Teachers							●	●
Others		X	X	X	X	X		●
Private Schools							●	

Do we really want to add to, and not delete councils.

STATE

	SETC	STATE ADVISORY COUNCIL ON DISADVANTAGED CHILDREN ESEA TITLE V	VOC ED ADVISORY COUNCIL	YOUTH EDUCATION AND TRAINING - ADVISORY GROUP	BASIC SKILLS TITLE II ESEA
SETC			X	*	
Business/Industry	X		X		
Agriculture	X		X		
Labor	X		X		
Representative of Local Government	X				
General Public	X		X		
Public Assistance	X		X		
Employment Service	X				
Relevant State Agencies	X		X		
State Vocational Education Board	X				
State Vocational Education Advisory Council	X				
CETA Representative	X				
Veteran Organization	X				
Handicapped Representative	X		X		
State Correctional Institution			X		
Representative of Private Schools		X	X		
Post Secondary		X	X		X
Local School Boards		X	X		
LEA Administrators					X
High Impact LEA's			X		
Public Vocational Education Schools			X		
Vocational Guidance and Counseling			X		
Vocational Education Teachers			X		
Vocational Education Students			X		
Teachers/Basic					X
Parent's					X
Representative of Public and Private School Children					
Reading and Math Representatives					X
Women			X		
Others					

Requires appropriate representation of sex, racial and ethnic minorities and geographic regions of state.

* To be appointed jointly by SEA and Governor. Also to include membership of SAC for Disadvantaged Children.

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STATEMENT OF THE

AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES

on the

YOUTH ACT OF 1980

in the public service

The American Federation of State, County and Municipal Employees, whose more than one million members work in state and local governments across the country, is pleased to submit the following statement on extension of the Youth Employment and Demonstration Act (YEDPA).

AFSCME applauds the efforts of the Senate Subcommittee on Employment, Poverty and Migratory Labor in moving to extend, improve and expand YEDPA. That task will not be easy in the current climate of extreme fiscal austery.

But, the needs of our young people do not shrink along with budgetary allocations. If we can forge effective programs to provide meaningful work and useful, enduring skills, the unemployed will one day not have to rely on government funds. Crucial spending in the short-run will save the taxpayers billions, and the victims much more, in the long-run.

Is it possible to create programs that provide marketable skills and meaningful job opportunities? We at AFSCME believe it is, if necessary considerations are made from the start. Federal manpower and economic policies must recognize the magnitude and nature of the problems of the unemployed, the need to solve not treat their problems, and the capacity of local and regional economies to accommodate real job growth. They ought to enable the participants to ultimately find unsubsidized jobs. This means identifying jobs in areas of expansion, stimulating growth in needed areas, relating training programs to these growth areas, and funding job opportunities according to the ability of different sectors of the economy to absorb the jobs and offer permanent employment.

The public sector is no longer a growth area. Public employment has been stagnating since the early 1970s, and from all indications the public sector does not appear to be growth-oriented. From 1973 to 1977 public employment in the nation's cities grew by a paltry 1.6%. From 1977 to 1978 state and local government employment grew less than one percent. Many of the largest cities experienced moderate to severe drops in public employment. New York City dropped 27.5%, Detroit 9%.

There are important policy ramifications of the retrenchment of state and local government employment. Fewer transitional opportunities into state and local government are possible. Squeezed by fiscal pressures, state and local governments are likely to make programmatic decisions more on the basis of their own short term service needs than on the basis of what's in the long-term best interests of the participants.

Federal policies, therefore, must help stabilize and bolster public sector services if our manpower programs are to operate effectively. The likelihood of deep cuts in federal domestic programs is totally counterproductive to this end and will only exacerbate our unemployment problems.

By contrast, employment in several others sectors of the economy grew rapidly between 1967 and 1977. Service industries were up 41 percent, finance grew 32 percent and trade went up 21 percent. Training and work opportunities should be targeted more at these growth areas.

There are, however, differences in growth and decline in both public and private sectors of the economy from one area of the country to another. Baltimore, for example, had a 13.5 percent increase in government employment. Any program trying to solve unemployment and offer genuine job opportunities to the jobless must be flexible enough to adapt to regional differences. Such numbers as percent of growth and percent of workforce are useful in trying to calculate these capabilities.

Federal manpower programs also can be improved if there are clear national directives to create jobs in areas of national and social needs and to provide training opportunities field of potential expansion in the economy. The weatherization program under S. 1725, approved by this Committee, offers a good prototype of how to create publically supported work in such areas.

On the whole, YEDPA has made great strides in balancing these goals. Its services have been tailored well to the needs of the young people it is intended to serve.

Enacted in 1977 and due to expire this September, YEDPA has been truly remarkable in terms of its size, creativity and diversity. The Administration estimates YEDPA and the other CETA youth programs has served about 750,000 youths. About three-fourths of the increase in black youth employment in 1979 is attributable to the program. This record is commendable and AFSCME is proud to have worked with this Committee in the development of the program.

YEDPA has been a major social experiment testing innovative approaches to curing the ills of youth unemployment. It has been well structured and offered a wide diversity of employment-related services that include counseling, training, vocational exploration and other support services, as well as work experience. It has stressed cooperation with the schools. There has been greater federal oversight and monitoring. Greater stress has been placed on jobs in the private sector. There has not been widespread substitution though some instances have been reported, and substitution remains a major fear of our membership.

However, we still have a major youth unemployment problem in this country. Unemployment rates hover around 16% for all young people, and are nearly 33% for black youth. Data gathered by the Vice President's Task Force on Youth Employment graphically demonstrates the continuing and deeply rooted problems that will prevail in the 1980s. Despite a projected decline in the total number of young people, the youth unemployment problem is expected to worsen. There will be a continued increase in the number of minority youths who already experience unemployment rates many times higher than those for other Americans and who will confront an economy that increasingly demands white collar and technical skills they do not have. Clearly, we must continue and expand our present youth employment and training programs. To do otherwise would relegate hundreds of thousands of young people to poverty and hopelessness for the rest of their lives.

As you consider extending, expanding and revising the youth employment program, I would like to offer several suggestions to improve its quality and scope. The youth employment problem is too complex to be solved simply by short-term make work jobs. It must go further and try to eliminate the persisting inequalities and other root causes of unemployment among youths. We must improve the quality of work experience, provide more skills through training and educational programs, improve supervision, expand the apprenticeship concept, and increase union involvement in program development.

Our members have noticed an extraordinary lack of basic educational skills among many of the participants. In Cincinnati, for example, our union has insisted that Entitlement Program participants receive job descriptions so they can know what their responsibilities are. The intent, in part, has been to protect the participants from having to do tasks that might be dangerous and for which they are unprepared. Many of the participants could not read their job descriptions.

The lack of basic educational skills is an extremely serious problem. The analysis of the Vice President's Youth Employment Task Force leads to the inescapable conclusion that without minimum competence in basic skills, young people will be unable to compete in an adult labor market that increasingly demands such skills. An important key to the long-term solution of the unemployment problems of these young people must be developing their basic educational skills.

AFSCME is pleased, therefore, to see that the Administration proposes significant new resources for education, especially basic skill development. We support additional efforts to respond to the special need of disadvantaged teenagers through expanded compensatory education programs.

AFSCME also supports continuing YEDPA's emphasis on cooperation between the local education and prime sponsor systems. Cooperation and innovation is vital if we are to motivate students to stay in school or resume their education and improve the transition from school to work.

We must do a better job of linking the provision of education skills with vocational exploration and training relevant to specific current and future labor market demands. An equal partnership between the education and manpower systems must be fostered through specific agreements for jointly funded programs.

The proposed Education Cooperation Incentive Grants program is specifically designed to achieve such cooperation. However, we are concerned that the same amount of money presently directed to such activities under YEDPA may not be available under the Administration's proposal. Joint activities should be a priority under the program and receive at least the same commitment of resources as under current law. Education Cooperation grants should stimulate imaginative and novel ways of providing education services as well as manpower services. Alternative education models should be given the highest priority especially in order to bring dropouts back to school.

Training and work experience activities under the youth employment program should be directed more toward occupations for which there is likely to be local and national demand and toward activities of value to the local community. Such activities would give participants marketable skills with which to compete in the labor force. Among the areas that could be considered for special attention are mass transit, weatherization, solar energy projects, environmental protection, day care, health care and computer sciences.

While the Administration's proposal appears to give some attention to this concept under the Special Purpose Incentive Grants, we think these grants should be specifically directed to emphasize expanding private sector occupations and special public service activities and projects that are socially useful but not presently being done. In addition, prime sponsors should be required to give priority to linking training and work experience funded through their Basic Grants toward occupations and activities for which there is a demand and need.

AFSCME also supports linking CETA youth training programs to other federal programs. S. 1725, approved by the Labor and

Human Resources Committee, provides a good model. Under that program, CETA pays the wages and benefits of some of the workers on projects run by CSA. Other federal programs run by HUD, EPA, CSA, the Commerce Department and the Health and Human Services Departments also can lend themselves to this approach.

Subpart 3 of the Administration's proposal suggests that such programmatic linkages are desirable. The concept should be given more emphasis. The Basic Grants Section should encourage such linkages in prime sponsors' programs. Subpart 3 funds could be used to stimulate such coordination locally.

AFSCME locals have raised concerns about work experience activities. They continue to fear the possibility of substitution by minimum wage work experience participants and question the quality of some of the programs.

Although substitution appears to have been limited, our members have found some cases under YEDPA, primarily involving maintenance work in and outside of the schools, but also in such areas as low-level hospital work and clerical work. Common techniques have been adding the words "helper" or "aide" to an existing job title or restructuring a job so that two work experience participants perform the work of one adult worker. Here is one example of substitution in a slightly different form.

In Chester, Pennsylvania, twenty-two summer youth workers were placed at the welfare board without union concurrence. They were paid minimum wage with no benefits. Similarly employed state workers earned $4.23 per hour with a full benefit package. Some of the jobs held by the youth workers were above entry level and resulted in the partial displacement of regular state employees.

The attached complaint was filed with the Region III R.A. citing an "existing emergency situation." The prime sponsor, in informal resolution agreed to remove the CETA workers.

The tragedy here is that misuse of the program has turned the members of the affected local against any kind of CETA activity at their worksite. The local is expected to resist any future CETA placements there. Three worksites are now probably closed for any future CETA activities, regardless of program type.

Similar kinds of things have happened elsewhere. When CETA activities, executed in violation of the regulations have had a negative impact on our members, their reaction often is how to get the "CETA people" out and keep them out.

Agressive monitoring by the union generally has prevented major problems of this kind from occurring, but union involvement has not always come easily. Although there are general union comment requirements and union concurrence requirements under the Entitlement program, in several of the Entitlement cities, our locals had to threaten to block the program or parts of it until they received a commitment of prior consultation and cooperation from the city.

The value of some work experience activities to the participants also appears questionable sometimes. Our members have pointed out that there does not appear to be much relationship between some work experience activities and training and career development.

Already low-skilled jobs are restructured to try to create even lower skilled jobs. There is heavy emphasis on maintenance and beautification, as well as very low-skilled clerical work.

While this kind of experience theoretically may help develop good work habits and build a resume, it does not appear to be structured to lead to future employment with the city in similar work. It also is uncertain that transferrable skills are acquired. Inadequate supervision or segregation into separate, isolated work crews sometimes result in worsened behavioral problems and a high degree of absenteeism, and discourage the development of improved work habits.

Public sector work experience, therefore, should become a more formal activity, designed as part of a broader, integrated program of basic education, support services and development of marketable skills. Current limits on how much time can be spent in work experience should continue. Participation should be conditioned on some locally defined measure of satisfactory progress in basic educational and/or training programs. Work experience should be related as much as possible to specific career possibilities and provide some form of credentials that are transferrable to other employers. Improved supervision is essential.

Work experience also should be the product of specific agreements between local unions and employers in much the same way apprenticeship programs are established. An equal partnership in both the design and implementation of the program can help local unions head off potential substitution and create a more positive working environment for participants. It can help avoid misuse of program funds which hurts public employees and which can turn them against the program.

Other forms of training and work need more emphasis under the youth employment program, especially those involving the private sector.

On-the-job training should be stressed as a way to direct training toward expanding private sector opportunities. Such an approach to private sector involvement is far preferable to giving private employers incentives to hire young people, such as exemption from Social Security taxes, the targeted jobs tax credit, and a youth subminimum. None of these approaches offer the opportunity for any control over how employers use young workers or over the quality of the work and/or training they receive.

We also believe that formal apprenticeship programs should be given more priority in the program. Funds under Subpart 3 should be used to develop new apprenticeship models.

Subpart 2 funds should be used to encourage prime sponsors to direct some of their resources toward apprenticeship. There are literally hundreds of apprenticeable occupations in which few, if any, apprentices are being trained. Undoubtedly, there are numerous others which would lend themselves to the development of formal apprenticeship.

At AFSCME we have been working under contract with the Department of Labor to develop new apprenticeships in public sector employment. Among the occupations considered as potentially apprenticeable are correctional officer, mental retardation technician, and waste water treatment plant technician. While this project is aimed primarily at creating career opportunities for public workers currently in dead-end jobs, it could be adopted to the needs of young people.

Finally, AFSCME supports forward funding of the youth programs. Funding levels under CETA have been very unpredictable. Too often public employers have had to hire large numbers of people quickly. The result has been inadequate time to plan programs creatively. Forward funding would encourage rational planning and would do much to help improve the quality of the youth programs.

The suggestions we make for the youth employment programs would improve what is already a sound program. However, we must point out that AFSCME could not support the legislation were it to include any youth subminimum provisions.

A youth subminimum is discriminatory, encourages substitution and makes no programmatic sense. It is discriminatory because it pays one group of workers less than another for doing the same work. If applied to this program, it would discriminate most against minority and disadvantaged young people. It is a myth that teenagers and adults do not compete for the same jobs. A May 1978 Bureau of Labor Statistics survey showed at least two-thirds of the country's minimum wage workers were adults -- primarily adult women. Substitution is, therefore, clearly probable. Finally, the wages earned -- $2.33 per hour -- would be below the eligibility criteria for participation in the proposed program. It is doubtful many youths, especially heads of households, would find such a wage very attractive.

Work created under the youth program must be subject to the law's existing wage and benefit requirements. These requirements have proved essential in avoiding substitution. They help discourage prime sponsors from filling regular job titles with youhg workers at low wages instead of adults at prevailing wages. At the same time, they have not precluded the creation of many work experience activities at or near the minimum wage.

In summary, the Administration's youth employment proposal offers a good framework on which to build a balanced youth employment and training program. It recognizes the importance of basic educational skills and of cooperation between the education and CETA systems. It maintains YEDPA's diversity while providing for some program consolidation to help simplify administration. It strikes the appropriate balance between local autonomy and national objectives and responsibilities.

AFSCME urges expeditious action on this legislation and looks forward to working with the Committee in that endeavor.

August 6, 1979

RECEIVED
RECEIVED
79 AUG 13 P5:04
79 AUG 13 A11:59
RESEARCH DEPT

Mr. William Halpigan
Regional Administrator
United States Dept.of Labor
Gateway Building
3535 Market Street
Philadelphia, Penna.

RE: OFFICIAL COMPLAINT LETTER
"EXISTING EMERGENCY SITUATION"

Dear Mr. Halpigan,

I am writing a complaint letter to your attention for the following reasons:

1. CETA personnel are being utilized in this State Office. They are paid the minimum wage and earn no benefits. I have attached a list of all CETA personnel, their hours, days they work and the names of the supervisors who supervise them.

2. Regular State Employees employed here by the Dept. of Public Welfare Delaware County Board of Assistance perform similar duties as the trainees but State jobs classified as Clerical trainee starts at $4.23 an hour plus blue shield/blue cross major medical, paid prescription, dental, eye glasses and earn Annual, Personal, and Sick leave. Delaware County Manpower Office is the Prime sponsor for all CETA personnel employed in this County Board and all three work sites.

9 CETA Workers
Del. Co. Bd. of Assistance
12th & Crosby Street
Chester, PA 19013

9 CETA Workers
District Office #2
West Chester Pike
Upper Darby, PA

4 CETA Workers
District Office #3
7th and Sproul Streets
Chester, PA 19013

I do not have detailed job descriptions available now. However, upon your request these descriptions will be made available to you. Since my employer the Commonwealth is not the prime sponsor our Collective Bargaining Agreement between State Employees and the Commonwealth (American Federation of State County And Municipal Employees) does not cover non-state workers. CETA personnel are paid via the County of Delaware Treasury. This involves a total of 22 CETA workers are involved agency-wide.

We believe that all CETA are performing work duties and responsibilities of above the entry level namely: Noal Vidro (working on front reception desk) at the District Office #1. All clerks out front are classified Clerk II's. Starting

Salary for a State worker in this job is 4.66 an hour plus all benefits.

To my knowledge Mr. Vidro is working full time for the minimum wage and zero benefits. Also, it is to be noted that (2) State Employees were moved off the front desk and received cuts in pay and threats of lay-off if they did not request in writing a voluntary demotion to a Clerk-I.

Shortly after being moved Mr. Vidro with no experience or training on the front desk was placed in their place. Their names are ANne Campbell and Mamie Bailey. The reason management gave for moving the two women was that they were not working out well and they did not respond to training. Mr. Vidro, I repeat received no training at all.

To my knowledge none of the 22 CETA workers working here have ever received any formal training.

I feel that the Regional office should consider the complaints I have described in my letter before the prime sponsor procedure has been exhausted. An emergency situation exists because the violations not only effect CETA personnel but full time state Employees. Attached see copies of Labor/Management minutes where management clearly states they utilize CETA above the entry level and that our full time permanent State workers could not be transferred into the units because classification grievences for more pay and permanent reclassification might be filed by the union.

Our union is represented by American Federation of State County and Munipal Employees AFL-CIO Local 2588, District Council #88, 1737 Chestnut Street Philadelphia, PA. (Mr. Edward Keller, Executive Director).

I must insist that the entire CETA program as it is being utilized at the present time be investigated. Also, it has come to my attention that in other Counties across Pennsylvania the State is the prime sponsor for all CETA employed in State offices and institutions. To my knowledge my union leaders have not concurred to this program.
Please investigate all my charges and respond to my attention within 60 days.

Thank you for your time. Please review all attached papers concerning the CETA program at the Delaware County Boards of Assistance. Also see attached list of charges and Section of Law and Section of Regulations.

Sincerely yours,
Maureen Van Horn
Maureen VanHorn, Head Shop Steward
AFSCME AFL-CIO Local 2588
12th and Crosby Streets
Chester, Penna. 19013

cc: Congressman Robert Edgar
President Wurf, AFSCME International
Gerald W. McEntee, Executive Director AFSCME Co. #13
Edward Keller, Executive Director AFSCME Co. #88
Eileen Carroll, President, AFSCME AFL-CIO Local #2588
Charles Ferguson, President, Delaware Co. Central Labor Council AFL-CIO
Jo Mulloy, Director Manpower, Youth Services Program
Frederick T. Martin, Executive Director.Del. Co. Manpower

mvh

List of Violations CETA Act
Dept of Public Welfare
Delaware County Board of Assistance

Provision	Section of Law	Section of Regulations
Prevailing Wages PSE	124(b) (3)	676.26-1 (c) (1)
Classification must be reasonable and cannot be used to deny benefits	122 (k)	676.27 (b)
Outstationing		676.25-3(c)(3)
Job restructuring defined		675.4
Work Experience	121(i)	676.25-4
Union Consultation and Concurrence	103 (a)(9)	676.24

STATEMENT
on
THE WELFARE JOBS PROGRAM AND YOUTH EMPLOYMENT INITIATIVES
for submission to the
SUBCOMMITTEE ON EMPLOYMENT AND POVERTY
of the
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
for the
CHAMBER OF COMMERCE OF THE UNITED STATES
by
Madeleine B. Hemmings*
March 13, 1980

This statement is presented by the Chamber of Commerce of the United States on behalf of its 94,000 business and organization members. We appreciate this opportunity to share our views with the Subcommittee.

The Work and Training Opportunities Act (S. 1312) and the Youth Employment Initiatives Program (S.2385)must be considered in the broad context of the general economy, the federal budget and the high cost of subsidized public and service employment. Although there is merit in a number of proposals in each of S.1312 and S.2385, we oppose any new spending for these programs.

The Economy, the Budget and PSE

Today, the nation is beset by high and rising inflation and low economic growth. Federal spending, tax and regulatory policies which encourage consumption and deter capital formation are the primary sources of inflation. Federal spending is growing at an alarming rate. The F.Y.80 budget will be $32 billion higher than estiamted a year ago for a total of $564 billion -- up 73% over a period of 5 years. The proposed f.y. 81 budget is $616 billion -- up $52 billion from F.Y. 80. One significant element in the budget is the cost of public service employment.

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*Associate Director for Education, Employment & Training, Chamber of Commerce of the U.S.

Public Service Employment (PSE) is federally subsidized jobs for local and state public employers and non-profit organizations. These jobs are created to provide the disadvantaged with an opportunity to gain work experience and training with a public employer. Most public service employment is available under the various titles of the Comprehensive Employment and Training Act (CETA). An examination of the proposed 1981 budget reveals the following proposal:

	No. of Jobs	1981 Cost
CETA		
Title II B & C	375,000	$2.100 billion
Title II D	250,000	2.554 billion
Title III	20,000	.651 billion
Title IV A	(not determinable)	.825 billion
Title VI	200,000	2.0 billion
Job Corps	44,000	.579 billion
Summer Youth Employment Program	1,000,000 temp.	.873 billion

The Administration's Work and Training Opportunities Act (S.1312) would create a new Title II E of CETA and reserve 62.5% or 155,000 jobs under Title II D for welfare-eligible individuals and create 400,000 more PSE jobs. The Congressional Budget Office (CBO) estimates that to provide jobs for those eligible under S.1312 and estimating an unemployment rate of 6.3%, the program looks more like the following:

		1982	
	No. of Jobs	Gross Cost	Net Cost*
S.1312	776,000	$7.3 billion	$4.5 billion

*Net Cost = Gross Cost less savings in other assistance programs.

S.1312 comes very close to a massive patronage system. Any student of CETA knows how difficult it has been to move PSE participants off the public payrolls into permanent private employment. S.1312 bill eliminates this problem by eliminating the time limit a participant may stay on PSE as long as the participant goes into an eight week job search every 78 weeks. Public employers will be able to keep participants on their payrolls indefinitely except for this break. This not only will cause great resentment on the part of regular CETA participants who can stay only 18 months; it will also build in the opportunity for permanent dependence on subsidized employment.

The U.S. Chamber does not underestimate the problem of cutting federal spending. We submitted our suggestions on that subject to the House Committee on the Budget on March 6. However, we do not understimate the difficulty of budget reduction but continuing to pass legislation which includes mandated program growth and entitlements in future years such as the Work and Training Opportunities Act and the Youth Employment Initiative Program will do just that. We therefore oppose new spending for either of these programs.

Welfare Jobs

The Chamber agrees that those on welfare who can work should work and should be assisted in finding work. This is what CETA and the United States Employment Service (USES) are for.

The nation needs to turn its attention to better programs to encourage private employers to hire the welfare recipient. The New Jobs Tax Credit of 1976 provided a substantial incentive for employers to hire low-skilled workers. Estimates of program success in the two years of its operation vary, but its success in encouraging increased employment in the construction and retail industries in 1977 and 1978 are documented. The Targeted Jobs Tax Credit is a much smaller substitute that should be encouraged. The Chamber is prepared to assist in publicizing and encouraging participation in such programs.

The University of Wisconsin's Institute for Research and Poverty has shown that "employment subsidies directed toward private sector employment, if targeted on disadvantaged groups of workers, can clearly offset the labor market distortions caused by minimum wage legislation and racial discrimination. 1/

Tax and subsidy incentives to place welfare recipients in private sector jobs will be money better spent than $4.5 billion a year net cost to keep welfare eligibles on the public payrolls. The nation can no longer afford a massive PSE spending program particularly when the system design provides virtually no incentive for the public employer to move the participants to private employment or for the public service employees to go themselves. S.1312 will spend vast amounts of money to create a permanently dependent class. Not only is it wasteful; it is cruel.

Youth Employment

The Youth of this country are an extremely valuable national resource on which the future of the nation depends. Business people are deeply concerned about high youth unemployment, particularly unemployment concentrated among minorities. We are concerned as well about the employability of all of America's young people. Over the next 6-10 years, employers will need to hire a very high percentage of the youth coming out of school. For the United States to return to the high productivity levels it previously enjoyed, business must have employees who are prepared to work efficiently. Business, labor, education and

1/ "Focus", published by Institute for Research on Poverty, University of Wisconsin, Madison (Vol. 4, No. 1, Fall 1979) p.18

government must join hands now to provide adequate education, skill training, job preparation and career education for in-school youth and re-entry points for out-of-school youth.

In a time of major budgetary concern, we should not rush through the Congress legislation which is not fully thought-out and well-designed. We must carefully examine the problem, then target our scarce resources where they will do the most good.

On March 5, 1980, Sar Levitan of the Center for Manpower Policy Studies and Willard Wirtz of the National Manpower Institute pointed out before this Subcommittee that the Bureau of Labor Statistics (BLS) on youth unemployment are subject to serious question. Also, Martin Feldstein and David Ellwood of the National Bureau of Economic Research (NBER) have published a study which casts doubt on the stereotype of the black, center city resident as the young unemployed person -- although young blacks comprise 15% of the unemployed, a serious problem. These authors find that teenage unemployment relates to education and income, rather than race. 87% of unemployed youths live at home. Their periods of unemployment are short with 55% finding a new job within a month while only 10% are out of work as long as 26 weeks.

Clearly, a revision of BLS statistical practices is necessary to enable Congress to target resources on the most critical needs and to evaluate the program's results.

The known demographics of the 1980's should also be a major concern in design of youth employment legislation. BLS estimates that by 1990, the number of 16-24 year olds in the labor force will have decreased by about 16% and this age group will be 18.4% of the labor force, down from 23.9% presently.

These figures mean that our economy may be experiencing labor shortages at the entry levels over the next 10 years. Labor shortages mean more willingness on the part of employers to hire and train young people who exhibit potential. We should not establish a bureaucracy to take care of a problem that, if properly addressed will disappear.

There is no question that the school-to-work transition is more difficult for today's youth than it has been in the past. One reason is that the schools are not producing people who can read, write, compute and communicate. Young people with these basic skills who are responsible for their own behavior are viewed by employers as having potential and as employable.

Young people also need career information and training in how to get a job. The preparation of students to enter the labor market must become a responsibility of the schools. The 22% of CETA money which now goes to schools -- or the money designated for education in the S.1312 -- should provide for this accountability.

S.1312 is targeted on the junior high and high school levels. The problem of school drop-outs and non-participation of those physically present develops much earlier than junior high. Students must not be allowed to fall so far behind by the 3rd and 4th grades that they cannot participate intelligently in classroom activities. For the next 3 or 4 years, students are miserable. Then, we will attempt torescue them with a federal program designed to teach basic skills they should already have.

Business, education, labor and government must join hands to improve the employability of our young people. Together we must help the school systems provide career guidance, work observation and experience for the maximum number of students and for the teachers and guidance counselors. We must see that career education permeates the entire curriculum from Kindergarten through graduate school.

Whatever training programs are adopted must create an achievement record for the participant. The record must be of real achievement so thatthe employer community comes to know and respect it.

The most appropriate vehicle for organizing support for the educational system is the Private Industry Council (PIC). PIC's can rally the business people who have a long-term stake in community development and utilization of the local labor force. CETA Title VII which authorizes PSIP, is a beginnning in terms of developing private employers in an institutional way. PIC is a beginning. We need to continue to build these organizations. As senior business executives become PIC members and become comfortable with the process, PIC's will be able to deliver a variety of servcies to old and new populations: Assist with selection, certification, training, development of training opportunities, work experience opportunities, design of educational programs and providing job information to educators and counselors. This means that the PSIP program needs to be reauthorized and that the PIC's should be given a legislative mandate to participate in program design. The U.S. Chamber federation is prepared to assist the PIC's in developing a supportive relationship with local education communities, local government, CETA and unions.

Vocational education has proven itself as a way to prepare non-college bound students for the world of work. It has proven itself able to develop student enthusiasm for basic skills training by relating it to specific job skills training. Vocational educators, CETA prime sponsors and PIC's should be encouraged to develop joint programs of basic skill building, job training and paid work experience of disadvantaged youth. The legal obstacles to providing similar programs for out-of-school youth must be removed.

Effective community-based organizations need help, and should receive consideration in any reauthorization of the current Youth Programs. The Opportunities Industrialization Centers Career Intern Program is one such program. It is an alternative high school program for 16-21 year olds who have dropped out of school or are in serious risk of dropping out. It has helped students to finish high school and showed many the way to more education. The cost has been $248 per student per month which compares favorably with costs of vocational education in Philadelphia.

The U.S. Chamber supports amending The Fair Labor Standards Act to establish a subminimum wage for youth. Because we believe the real solution to youth unemployment is unsubsidized work in the private sector, we advocate real incentives to employers to give America's young people a good start in the work world. Professor Walter Williams of Temple University's Department of Economics believes that, "this year's 7% increase in the minimum wage will cause unemployment among low-skilled black teenagers to rise from 35% to at least 40%." 1/ Further, "we have cut the bottom rungs off the economic ladder and the consequence is that for the first time in U.S. history, we have developed a permanent welfare class." 2/ Allowing employers to pay people under 20 less than the federal minimum would, according to Professor Williams "create no hardship because almost all people on the minimum wage are unmarried or part time employees; no more than ½ of 1% are responsible for supporting a family" 3/

1/ Time, Jan. 2, 1980 P.66
2/ I Bid
3/ I Bid

Child labor laws should be reexamined to assure that they are not protecting (preventing) our children from getting their first job. Congress should remove the governmentally established disincentives to hire our young, inexperienced, lower-skilled people. This will do far more toward assuring our youth of America's promise than millions of dollars spent on federally subsidized jobs. The nation cannot afford it. It does not work. What is worse, according to Prof. Irving Piliavin of the University of Wisconsin, there is some evidence that young people who have been in short-term job training programs are more likely to turn to crime when the program ends, as a way of maintaining the improved life style that the regular income offered.

SUMMARY

The U.S. Chamber recommends that no new funding be approved at this time for the Work & Training Opportunities Act and the Youth Employment Initiatives. We cannot afford to have this burden added to what we are already subsidizing in public service employment. In the area of welfare jobs, the Chamber recommends:

1) reauthorization and strengthening PSIP to assist in moving employable people from welfare and CETA programs into private sector jobs.

2. reauthorization and expansion of the Targeted Jobs Tax Credit and the development of other incentives to encourage private business to provide work and training opportunities for the disadvantaged.

The Youth Employment Incentives Act is an example of the type of program which makes control of the federal budget extremely difficult. New money expenditures in the first year are relatively low but much higher costs are mandated beginning 18 months later. Such funding does provide important planning time but the $6 billion commitment in 1982 is clearly excessive.

The Chamber recommends in connection with the Youth Employment Incentives Act that:

1) BLS methodology for measuring youth employment be carefully reviewed by recognized statistical authorities. With accurate knowledge of the problem, program design can be more efficient and results more accurately monitored.

2) No long-lived bureaucracy be established to cope with a problem that will disappear in 6 to 10 years if properly managed now.

3) The employer, education, labor, government and CETA communities be encouraged to work together as the one community they are to: improve the employability of our young people, encourage career education, work with schools to provide real job information and experience to students, teachers, and counselors, and support vocational education.

4) Reauthorize PSIP and give the major role for leading business participation in the youth employability effort to the Private Industry Councils.

5) Remove the legal obstacles to school drop outs returning to school for basic and vocational education.

6) Adopt a subminimum wage provision under the Fair Labor Standards Act for youth.

7) Reexamine the child labor laws to determine which protections are still needed and which serve only to prevent young people from getting a first job.

8) Above all, provide accountability within the entire educational system for preparing youth for the world of work.

National Employment Law Project, Inc.

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March 18, 1980

The Honorable Gaylord Nelson
Chair, Senate Subcommittee on Employment,
Poverty, and Migratory Labor
United States Senate
Washington, D.C. 20510

Dear Senator Nelson,

On behalf of the CETA Coalition, I would like to submit the attached statement on the Administration's proposed "Youth Act of 1980." We had originally asked to have an opportunity to testify at the hearings that you held, and understand the problems you had in scheduling the many requests that you received. Since we could not testify at the hearings, we request that you include this statement in the official record of the hearings.

The CETA Coalition is an alliance of groups committed to the creation and improvement of federal jobs programs such as CETA. The Coalition includes organizations representing poor and low-income people, organized labor, community-based organizations, women, and minorities.

The many resources of the Coalition and the individual member organizations are available to you and your staff wherever we can assist efforts to improve and expand CETA-based programs.

We thank you for the opportunity to submit our statement.

Very respectfully yours,

Larry L. Glantz
National Employment Law Project

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CETA COALITION

236 Massachusetts Ave., NE, Suite 505, Washington, D.C. 20002, (202) 544-2185

The CETA Coalition is an alliance of groups commited to the creation and improvement of federal jobs programs such as CETA. The Coalition includes organizations representing poor and low income people, labor, community-based organizations, women, minorities and so on. We are gravely concerned that the youth employment and training programs under Title IV of CETA be reauthorized by Congress with the program design and resources necessary to assault the many barriers to the full employment of youth.

The problem of youth employment, particularly among minority and poor youth, will be one of the most difficult and explosive issues of the 1980's. Nearly one-half of the unemployed in the United States today are young people ages 14-24 years. The official national unemployment rate for Black youth ages 16-19 is approximately 35%, while the actual rate of minority youth unemployment in several major cities is closer to 50-60%.

All advocates for youth employment and training agree that a comprehensive program must be designed to follow the three years of YEDPA experimentation. The YEDPA experience has shown the critical need for coordination of employment services, which include on-the-job training, work experience, job search assistance and placement, supportive services, and specific skills training, with educational services, which include career orientation, vocational education, and a renewed emphasis on basic skills training.

We of the CETA Coalition do not support the program design proposed within the Administration's "Youth Act of 1980". Rather than build upon the past experience and success of the YEDPA program, it would reduce program coordination through a split funding scheme, and it places too much responsibility with the traditional institutions who have in many cases failed to meet the employment needs of disadvantaged youth. The present CETA-based program design allows much more coordination of services between those traditional and non-traditional institutions that demonstrate effective services for youth.

We wish to submit for the record two items:

(1) A "Statement of Principles" outlining the legislative principles we strongly believe should be included in any youth employment bill reported by this Committee, and

(2) A brief statement calling for the extension and expansion of the present YEDPA program design.

I. Statement of Legislative Principles

1. There must be maximum funding for a new and expanded youth employment and training program. The proposed level of $2 billion in funding should provide that amount of budget authority for FY81, with quick implementation of program revision and expansion. Any extra amount not used in FY81 should be carried over for use in FY82.
2. Participant eligibility requirements and grant application procedures for all separate youth programs must be consolidated. There must be flexibility to allow local experimentation and innovation by prime sponsors, but this must be accompanied by strengthened federal standards and monitoring and greater local input. There can be no local "carte blanche" in structuring programs through a "no-strings attached" block grant.

3. The present Youth Incentive Entitlement Pilot Projects (YIEPP) should be continued and expanded. Any revision of this program, such as the "Equal Chance Supplement" as proposed by the Administration, must retain the guarantee of specific employment and training services for economically disadvantaged youth in targeted poverty areas.

4. One of the underlying reasons for the high level of youth unemployment is the lack of basic literacy and computational skills. Thus, any youth employment initiative must include well-targeted educational services with a renewed emphasis on basic literacy skills. Best results will be achieved through building on the present linkages established by the current CETA-based system of youth programs. The present linkages between CETA prime sponsors and Local Educational Agencies (LEA's) can be further strengthened by continuing the present CETA 22% set-aside to fund joint CETA/LEA programs for both in-school and out-of-school youth. Other incentive funding arrangements requiring equal match from both the LEA's and prime sponsors should be developed.

5. In any youth program, the definition of Local Educational Agency must be expanded to include alternative schools and community-based organizations (CBO's) of demonstrated effectiveness in providing educational services. Emphasis on CBO involvement in all phases of youth employment and training program planning, operation, performance monitoring, and demonstration must be explicitly stated.

6. The wages and allowances paid to participants in youth programs must not fall below the minimum wage. Also, an earnings disregard must be in effect for every youth participant in any CETA program.

7. Employability Development Plans (EDP's) should be required for all youth participants to plan all services and measure participant progress.

8. Targeting of employment and training services should be increased. Since the best indicator of severe barriers to employment is the lack of a livable income, we support income eligibility set at 70% of the BLS lower living standard. Ten percent of funds should be targeted to youth above eligibility levels who face severe barriers to employment, including teen parents, handicapped youth, minorities, young women, ex-offenders, and non-English speaking youth.

9. The role and mandate of the CETA youth councils should be strengthened to be at least equal to that of the CETA Planning Council. The youth council must include a substantial proportion of eligible youth representatives, must be allowed to review youth plans, and must receive written explanations whenever council recommendations are rejected.

10. There must be special targeting of services to young women, especially young minority women, with emphasis on non-traditional training and employment.

11. All job training and work experience opportunities provided through a CETA program must be decent and meaningful, providing at a minimum; 1) qualified and helpful supervision, 2) a high potential for transition into private sector jobs, 3) decent pay, and 4) a clean and safe working environment.

II. The YEDPA Reauthorization - The Case for Expansion and Extension

The deadline for final action on the reauthorization of YEDPA is rapidly approaching. WE URGE THE CONGRESS TO AUTHORIZE AN EXPANSION AND THREE YEAR EXTENSION OF THE PRESENT YEDPA PROGRAM DESIGN, TAKING THE NEXT STEP IN COORDINATING THE ESSENTIAL LINKAGE OF FEDERAL RESOURCES AND LEADERSHIP WITH LOCAL IMPLEMENTATION AND ADMINISTRATION.

The causes of youth unemployment and the lack of necessary skills for the labor market are so well entrenched that a long and continuous battle is needed. We must resist the temptation to try a wholly new and dubious approach simply because we were unable to solve the problems of youth unemployment in three short years.

All advocates for youth employment and training agree that a comprehensive program must be designed to follow the three years of YEDPA experimentation. The YEDPA experience has showed the critical need for coordination of educational services, which include career orientation, specific skills training, and basic skills training, with employment services, which include on-the-job training, work experience job search assistance and placement, supportive services, and specific skills training.

Most advocates of youth employment see the need for expanding the educational services that were provided through YEDPA to include basic skills training. Clearly, a statutory emphasis is needed to provide targeted basic skills training in any new youth employment program.

However, YEDPA has provided the structure for a well coordinated educational-employment attack on the causes of and barriers to youth employment. While 22% of YETP were required to be set aside for educational services, Labor Department officials estimate that in fact a national average of 44% of these funds went through the prime sponsors and into educational services. Thus, almost half of youth employment money is going to educational services now through a system that has been proven to work, and thus is a preferable alternative to a bifurcated funding system providing separate funds for educational and employment services, and thereby doubling the bureaucratic framework.

We congratulate and endorse those that see the need for building upon past successes. The Office of Youth Programs headed by Robert Taggert has long recognized the value of the YEDPA experience as a foundation for new youth employment efforts. There is bipartisan support in Congress, most notably in bills submitted in the House by Reps. Hawkins and Jeffords and in the Senate by Senator Javits, for an expansion of the present YEDPA design with better linkages with related systems such as the Employment Service and the Private Industry Councils.

We submit that two critical elements that must be included in any youth employment legislation. These are:

1) The strengthening of local citizen and program participant input to the planning and implementation of the youth programs.

2) Clearer federally-designed program standards and increased program monitoring by the Department of Labor.

A continuation of the present YEDPA design, with stress upon assuring meaningful participation by the youth councils, will allow those youth and youth advocates affected by and active with local YEDPA programs to continue support and monitoring on a local level. Alternative proposals which advocate the abandonment of the present YEDPA design through a block-grant funding mechanism as well as separate funding for educational services through the schools would reduce the role of local advocacy groups and the prior success shown by YEDPA.

However, there are ways that the present YEDPA design can be "streamlined" to reduce overlapping and duplicative requirements. WE URGE THAT CERTAIN APPLICATION REQUIREMENTS FOR THE DIFFERENT YEDPA PROGRAMS BE CONSOLIDATED. The most obvious example is the standardization of income eligibility at 70% of the BLS lower living standard, with 10% of funds spent for youth not income-eligible yet who face significant barriers to employment, in order to target the limited YEDPA funds to those youth most in need of services.

We submit that altering the YEDPA design to a block-grant funding formula would be a step backwards and an abandonment of the acheivements of the past three years. Only now with the YEDPA experience is there the ability, (1) on the national level, to provide the guidance and technical assistance to use successful techniques in meeting recognized national needs and objectives, and (2) on the local level, for youth advocacy groups active under YEDPA to offer significant input and support to local youth employment program administrators. Both of these can work together in an extension of the present YEDPA design to assure that Congressional intent is followed and that the youth who are most disadvantaged receive the targeted services.

National Employment Law Project
National Center for Youth Law
National Center for Jobs & Justice
Center for Community Change
The Youth Project
Center for National Policy Review

Indian and Native American CETA Coalition

March 13, 1980

The Hon. Gaylord Nelson
Chairman
Subcommittee on Employment,
 Poverty and Migratory Labor
Committee on Labor and Human Resources
United States Senate
Washington, D. C. 20510

Dear Senator Nelson:

The employment needs of Indian and Native American youth are serious. They are even more serious than the highly publicized needs of other disadvantaged youth. The federal commitment to meet these needs must be equally serious.

The Indian and Native American CETA Coalition urges your Committee to give special attention to the needs of Indian youth during your deliberations on the reauthorization of the programs in Title IV, Part A of the present CETA law.

The principal issues affecting Indian and Native American groups with respect to youth employment and training programs are described in the attached statement. Our recommendations include:

1. Continuation of the present eligibility of Indian tribes and other Section 302 (c)(1) groups for direct funding under the CETA youth programs.

2. Continuation of the present requirement that not less than 2% of all special youth funds be provided for Indian and Native American programs.

3. Authorization for the Labor Department to develop youth program regulations specifically designed to meet unique Indian conditions. This appears to be provided by the Administration bill, but should be emphasized in the legislative history.

Information and Coordination Office: 1000 Wisconsin Avenue, Northwest, Washington, D.C. 20007 (202) 338-4804

4. Strong encouragement to the Secretary of Labor to use his discretionary program authority and funds to initiate a special demonstration effort to meet the needs of urban and other off-reservation Indian youth. The needs of such youth have not been met by the present law and should be addressed without in any way diminishing the support available to reservation youth.

Your Committee must also consider an extension of the authorization for the Title VII Private Sector Initiative Program. We urge the Congress to extend this valuable program, especially its funding provision for Indian tribes and other eligible Native American organizations. In view of our needs for support under this program, we ask you to direct the Labor Department to increase the availability of Title VII discretionary funds to Indian and Native American grantees.

The Indian and Native American CETA Coalition stands ready to assist your Committee in any way it can in examining the issues which affect unemployment among our young people and the creation of permanent, unsubsidized jobs for our workers.

Sincerely,

Elizabeth Bennett

Elizabeth Bennett
Facilitator

EB/hwt

Attachments:

Statement on Indian Issues
Legislative Recommendations

Indian and Native American CETA Coalition

March 13, 1980

STATEMENT ON INDIAN ISSUES IN THE REAUTHORIZATION OF CETA YOUTH PROGRAMS

Jobs are hard to come by for young workers in nearly any American community. In Native American communities with the most severe unemployment problems of all, jobs for youth can be practically nonexistent.

Putting young people to work on reservations and in isolated Alaskan villages is the job of Indian tribes and native Alaskan corporations. Direct financial support from the CETA youth programs -- the Youth Community Conservation and Improvement Projects program (YCCIP), the Youth Employment and Training Program (YETP) and the Summer Youth Employment Program (SYEP) -- has made accomplishment of this job possible.

"It has been my pleasure to provide employment as well as an understanding of how radio works and the potential for new individuals in the field," wrote the Program Director for radio station XSRM, serving Soldotna and other communities on Alaska's Kenai Peninsula. The radio station joined with other employers, private as well as public, in providing work experience and hands-on job training to native Alaskan youth through the CETA youth programs sponsored by the Cook Inlet Native Association.

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Thousands of miles away, work was equally the focus of CETA youth programs sponsored by the Cherokee Nation. One project was the construction of bleachers for a ball park in Muldrow, Oklahoma. Eleven Cherokee youth completed the community project under the careful supervision of two very energetic and experienced workers, ages 72 and 84. Other Cherokee youth learned what a job was like through their experiences working in health clinics, libraries, municipal and state agencies and through a tour of duty with the U. S. Coast Guard at the Robert S. Kerr Reservoir.

These projects were just several of the hundreds operated by tribes and other Native American groups from Florida and Maine, across Indian Country, to Alaska and Hawaii. None of them would have happened without the resources which YCCIP, YETP and SYEP provided directly to Indian tribes and native Alaskan and Hawaiian groups.

Meeting Present Needs: The Current Law

It is well known that Indian communities suffer from the most serious employment-related problems found anywhere in the U. S. The fact that unemployment rates on individual Indian reservations can and often do run to 40%, 50% and higher is only part of the problem. Labor force participation rates are so low relative to non-Indian communities, a reflection of the lack of jobs to seek, that a different methodology is used to count the unemployed on reservations. What jobs there are outside the public sector are almost universally low paid and unstable, spurring the large scale movement of Indian workers back and forth from reservation to urban areas in a frustrating search for a way to make a living.

What is not so well known is the fact that this pattern starts when young Indian people make their first attempts to deal with the labor market. In 1970, the officially measured national unemployment rate among Indian workers ages 16 through 19 was about twice as high as that for all Indian workers. The rate for all Indian workers was higher than that for any other racial or ethnic group and almost four times as high as that for white workers.

While national attention has been focused on the very real needs of other groups, the fact is that Indian youth confront the most severe problems of any youth in successfully entering the labor market.

Both Congress and the Labor Department have recognized that a special effort should be made to address the problems of Indian youth unemployment. The present provisions of CETA authorize:

* An allocation of 2% of the funds for YCCIP for direct support of projects conducted by Indian tribes and native Alaskan and Hawaiian groups.

- An allocation of not less than 2% of the funds for all of Part A of Title IV (YCCIP, YETP and the entitlement program), less the 2% YCCIP allocation, for the direct support of YETP programs conducted by tribes and other eligible Native American groups.
- The direct funding of tribes and other eligible Native American groups under the SYEP program. The law does not specify a minimum percentage allocation. The Labor Department is currently allocating approximately 1.9% of SYEP funds to Indian and Native American grantees.

In the current Fiscal Year, 108 Indian tribes, inter-tribal consortia and other grantees serving federal and state reservation areas, 14 native Alaskan groups and one native Hawaiian group are receiving direct grants from DOL to conduct YCCIP, YETP and SYEP programs. All are designated by DOL as Native American grantees under the provisions of Section 302(c)(1) of CETA.

An additional 57 Indian and other organizations receive direct DOL funding for comprehensive training programs to serve Indian workers in off-reservation areas, including most large U. S. cities, under the provisions of Section 302(c)(2) of CETA. However, under current law, none of these grantees receive direct funding for special youth programs. Moreover, DOL has given no attention to the needs of urban Indian youth under its discretionary funding authority.

In Fiscal Year 1980, the tribes and other Native American groups that do receive direct funding for youth programs will share $2.7 million in YCCIP funds, $13.8 million in YETP funds and $13.9 million in SYEP funds. The estimated enrollment levels for these programs in FY 80 are 1,000 youth in YCCIP, 8,000 youth in YETP and 17,600 youth in SYEP.

With relatively rare exceptions, Indian and other Native American grantees do not receive CETA youth program funds on a subgrant or contract basis from state and local CETA prime sponsors. This means that in most Indian communities, the only resources meeting the special needs of Indian youth are those specifically set aside by law for the direct funding of tribal governments.

Like other Indian CETA programs, the funds for Indian youth programs are administered by a special unit within DOL's national office with special expertise in Indian employment and training problems -- the Division of Indian and Native American Programs (DINAP).

Meeting Future Needs: Reauthorization Recommendations

The needs of Indian youth for help in finding and holding jobs is going to continue over the next several years. The resources required for special programs to meet these needs must also continue.

Four issues are basic to meeting Indian needs in the context of the reauthorization of special CETA youth programs. Each of these issues is discussed briefly. Specific legislative recommendations are attached to this statement covering issues which go beyond the present provisions of the Administration's youth programs reauthorization bill.

One. The present eligibility of tribes and other Native American groups for direct funding must be continued. Indian tribes have always had a special status within U. S. law. Congress has repeatedly reaffirmed this status by making tribal governments eligible for direct funding under CETA and many other programs. The direct funding of tribes and other special groups described in Section 302(c)(1) of CETA must be continued in the pending youth programs legislation. Section 411(a)(2) of the Administration bill would appear to accomplish this objective.

Two. The present allocation of not less than 2% of all special CETA youth program money for Indian and Native American programs must be continued. Experience with all CETA programs, including youth programs, has consistently shown that the special formula allocation of CETA funds to Indian programs is absolutely necessary to insure that Indian needs are addressed. Section 411(a)(2) of the Administration bill would also appear to accomplish this objective.

Three. The administration and operation of special Indian CETA youth programs should be simplified through consolidation of the present YCCIP and YETP programs and the imposition of only those requirements that are developed specifically with Indian conditions in mind. Present law establishes separate requirements for YCCIP and YETP. These separate requirements place an unnecessary burden upon grantees, particularly tribal grantees receiving very small amounts of YCCIP and YETP funds. The Administration bill would accomplish this simplification objective by consolidating these two programs into a single "basic" program in Subpart 1.

The Administration bill would appear to be even more helpful by providing in the last phrase of Section 411(a)(2) that Native American youth programs shall be operated "in accordance with regulations which the Secretary shall prescribe." This language should give the Department of Labor the authority to develop regulations appropriate to safeguarding federal funds and at the same time tailor those regulations exclusively to the needs in Indian communities notwithstanding the provisions of law applying to non-Indian programs.

Four. Special consideration should be given to the needs of urban and other off-reservation Indian youth through the use of the discretionary program authority in the Administration bill. Up to this point, CETA resources have been directed only to the serious needs of reservation youth. This has been a very appropriate beginning. At the same time, the serious needs of Indian youth trying to find jobs in urban labor markets must not be ignored.

The situation in Milwaukee is typical. Indian youth in the Milwaukee area in the 14 to 21 age group comprise approximately 47% of the total Indian population. Fifty-four percent of these Indian youth are high school drop outs. Since their numbers are few in the general population and even in the total "minority group" population, they are often overlooked by agencies providing special youth employment services. The result is that it is difficult for Indian youth to become employed in entry level jobs or to receive consideration for CETA youth employment and training services.

Other factors leading to unusually high unemployment rates among Indian youth in the Milwaukee area are: chemical dependency; lack of career guidance in public schools; lack of adequate educational skills to remain in school; cultural barriers; high transiency from reservation to urban areas; lack of urban survival skills; and gross lack of skills training. The employability of

Indian youth is also plagued by low job retention rates (one month's duration at the most), lack of the concepts of the world of work and meaningful work experience.

All these problems, in Milwaukee and other urban centers with concentrations of Indian youth, make it essential that special attention be given to providing special services to off-reservation youth. Under both present law and the Administration's reauthorization bill, the Labor Department can use its discretionary program authority and funds to develop special pilot programs through the existing network of Indian organizations participating as CETA grantees under Section 302(c)(2) of the law.

Congress should mandate a special pilot effort to serve off-reservation Indian youth, either through a provision in the discretionary programs language of the law or through the legislative history of the youth programs reauthorization bill. Language to accomplish this is suggested in the legislative recommendations attached to this statement.

Title VII Reauthorization Needed

The authorization for the Title VII CETA Private Sector Initiative Program expires at the end of this Fiscal Year, along with the authorization for the Title IV-A youth programs. Indian tribes and native Alaskan and Hawaiian groups are eligible for direct grants under Title VII, just as they are under the youth programs. To date, a total of over $7.5 million in Title VII funds for Fiscal Years 1979 and 1980 have been distributed to 14 eligible tribes and Alaskan groups.

The stimulus which even this limited amount of Title VII funding provided to tribes to develop stronger ties to private sector employers has been remarkable. A total of 79 eligible grantees submitted applications totaling approximately $90 million in Title VII funds. Many, many meritorious applications were denied by DOL simply for lack of funding.

Ironically, while many Indian tribes seeking support were turned away, state and local CETA prime sponsors failed to spend even half of the Title VII funds available to them. Funds from the 5% discretionary pool of Title VII money which could have been used to support private sector job creation on Indian reservations lay idle while the Labor Department waited for an apparently nonexistent demand to develop on the part of state and local prime sponsors for Private Industry Council consortium bonus payments.

Congress should use the occasion of the reauthorization of the Title VII Private Sector Initiative Program to express its concern to DOL that Indian needs for Title VII funds be more adequately met through the allocation of additional Title VII money.

The attached legislative recommendations incorporate the main suggestions made in this statement. The Indian and Native American CETA Coalition would be happy to supply additional information to the Congress on any of the issues relating to youth or Title VII programs conducted by Indian tribes and other Native American grantees.

Indian and Native American CETA Coalition

March 13, 1980

LEGISLATIVE RECOMMENDATIONS:
INDIAN ISSUES IN TITLE I of the YOUTH ACT of 1980

In order to address the concerns of Indian tribes and other Native American organizations with respect to the operation of CETA youth and private sector programs, it is recommended that the legislative history of Title I of the Youth Act of 1980 (also described as the Youth Training and Employment Act of 1980) contain the following language:

> "The Committee is concerned that the special needs of Indian and Native American youth continue to receive special attention through programs conducted by Indian tribes and other groups qualified under the provisions of Section 302 of the Act. The youth programs conducted by Section 302 qualified groups should be governed only by regulations promulgated by the Secretary specifically designed to meet Indian needs. The bill gives the Secretary broad authority to so design these regulations.

Information and Coordination Office: 1000 Wisconsin Avenue, Northwest, Washington, D.C. 20007 (202) 338-4804

"The Committee understands that little attention has been given to the needs of Indian youth in off-reservation areas. It directs the Secretary to consider the use of his discretionary program authority and funds to launch a special demonstration program to meet such needs.

"In extending the authorization for the Title VII program, the Committee notes that the need for support of job creation efforts on Indian reservations and in other Native American communities far exceeds the amount of funds made available to date. The Committee urges the Secretary to allocate additional discretionary resources to meet this need."

TESTIMONY
Submitted To
The Senate Human Resources Committee
Subcommittee on Employment,
Poverty and Migratory Labor

Honorable Gaylord Nelson
Chairman

By
Benjamin Lattimore
Director
Youthwork Incorporated

For
YOUTH EMPLOYMENT INITIATIVES

Thursday, March 13, 1980
Room 5110, Dirksen Building
Washington, D.C.

Mr. Chairman and Members of the Senate Employment, Poverty and Migratory Labor Subcommittee my name is Benjamin Lattimore. I am submitting my testimony as a supplement to that made by the Reverend Leon Sullivan, Founder and Chairman of OIC/America and Mr. Elton Jolly, National Executive Director of OIC regarding the Career Intern Projects Act of Senator Richard Schweiker - S 2286. Before becoming Director of Youthwork Incorporated I served as the Director for the Development of the Career Intern Program in the Philadelphia prototype in the State of Pennsylvania and the designing, development, monitoring and evaluation of the replication of the prototype in the cities of Seattle, Washington; Poughkeepsie, and New York City, New York; and Detroit, Michigan.

Dr. Sullivan has outlined the urgent need for the Career Intern Program to be replicated across the nation to combat the increasingly dangerous school drop-out problem and to assure maximum effective coordination between the public school system, Community Based Organization such as OIC/CIP and employers in the private sector. My testimony is designed to supplement that already given by describing exactly what the Career Intern Program is, how it workd and my view of its value. I am convinced that it should be one of the weapons in the arsenal of the nation to win the battle against youth unemployment.

Benefits Associated With The Career Intern Program

The Career Intern Program, an alternative high school stressing the integration of career education and traditional academic subjects has operated in the Germantown section of Philadelphia, Pennsylvania, since 1972. The CIP has been the subject of intensive and rigorous evaluations which have established, beyond a shadow of a doubt, the benefits for students associated with participation in the program. The purpose of this testimony is twofold: First, it seeks to explain how the CIP, as an alternative school structure, coexists with the traditional Philadelphia school system in the hopes that the alternative school model employed in developing CIP might serve as a model for the development of additional alternative educational institutions designed to serve school-alienated youth. Second, I will explain in summary fashion, the benefits derived by participating in the program.

The CIP is an alternative school, and responsible for its own recruitment, courses, curriculum, and physical plant. However, it retains close ties to both the Regional School District in which it is located and the Central Office of the School District of Philadelphia. Though the school system did not assist OIC of America in the design of the program, its cooperation and collaboration was solicited actively prior to the submission of a proposal to the National Institute of Education. Prior to program implementation, relationships between the program staff and School District personnel were defined. For example, the School District of Philadelphia is an active recruiter for the CIP, and in this regard makes available to program staff all pertinent school records of prospective participants. Second, the "sending schools" within Philadelphia, from which CIP participants come, remain the degree granting institutions, though they accept all of the credits earned by a student within the CIP. Thus, the program is responsible for designing and evaluating individual students' educational experiences. The School District in turn awards credits for participation in these experiences, so long as they are certified by CIP personnel and will, upon the recommendation of the program, award a high school diploma.

The relationship between the CIP and the School District of Philadelphia has meant that the latter has been perceived by OIC as an active partner in the operation of the program since its inception. Conversely, since the School District retains the right to grant diplomas, and since only certified teaching professionals are employed as teachers within the program, the School District does not feel threatened by the program. Finally, given the population of dropouts and potential dropouts served by the CIP, the School District acknowledges that it would have been unable to serve such students. Thus, CIP provides a valuable service to the School District.

As an indigenous community based organization whose presence in the community is well-known, OIC has been able to attract and retain students who most likely would have dropped out of the traditional school system. Yet, because the CIP functions with the approbation of the School District, it is perceived as a legitimate educational institution by members of the community.

The fact that the program has been in operation for seven years suggests that community based organizations can in fact operate alternative schools within the structure of the traditional school system. Such a model largely circumvents problems associated with teacher certification and degree granting authority, and maximizes the benefits to be derived from each of the two institutions.

The benefits associated with participation in the CIP have been noted in several evaluation reports. It is particularly noteworthy that such results have been replicated several times. Evaluations have indicated that students attending the CIP over a twelve month period demonstrate the following:

* Significant growth in self-esteem as learners - When students first enter the CIP, given their history of school-related failure, they do not as a rule perceive themselves as effective students. After one year's participation in the CIP, however, they begin to feel better about themselves in this regard.

- Significant increases in career decision making skills - Simply put, students become better able to assimilate self-knowledge, and facts about a spectrum of careers and can integrate such information into viable career decisions.

- Significant increases in abilities to use career resources - After participating in the CIP, students make more use of a greater array of career-related resources than they did prior to entry into the program.

- Significant growth in knowledge about careers - Students know significantly more about a greater array of careers when they leave the program than they did when they entered it.

- Significant increases in reading and mathematics achievement -Typically, participation in the program is associated with significant growth in the basic skills areas.

While the CIP is not a panacea for all of the problems associated with the education and training of hard-to-reach young people, it has demonstrably improved the life chances of the young people, primarily dropouts or potential dropouts, who have been associated with it.

LA COOPERATIVA CAMPESINA DE CALIFORNIA

STATE OF CALIFORNIA MIGRANT AND SEASONAL FARMWORKERS COUNCIL
1010-A "J" Street • Sacramento, California 95814 • 916 / 322-1283

A Written Statement on the "Youth Act of 1980"
By La Cooperativa
State of California Migrant and Seasonal Farmworkers Council

George Ortiz, Chairman
March 2[illegible], 1980

Campesinos Unidos, Inc. • City of Stockton • Center for Employment and Training • California Human Development Corporation
Central Coast Counties Development Corporation • Proteus Adult Training, Inc. • California State Employment Development Department • California Employment and Training Advisory Office

La Cooperativa is a "consortium" of CETA, Title III, section 303 grantees in the States of California, Oregon, Iowa, and Nevada. La Cooperativa is a federation of community based organizations that must compete annually for 303 funds. Proven track records and the "demonstrated effectiveness" of our membership organizations has keep La Cooperativa in existance and growing the last four years. The State of California funds La Cooperativa and utilizes our staff's expertise to appraise them of the education and employment needs of migrant and seasonal farmworkers in their development of the State's employment and training policies. La Cooperativa also serves as a coordinative organization in behalf of its membership organizations with all State departments constantly identifying existing resources for farmworkers and coordinating with the appropriate State departments to maximize the use of government funds. Employment and training, placing people on permanent unsubsidized jobs after a skills training period is the major thrust of La Cooperativa's membership.

We would like to take this special opportunity to express to you, members of this subcommittee, the special needs of migrant and seasonal farmworker youth, to relate some of our past and present experience with youth employment and training programs, and express the scope of work we hope Congress will address in promulgating any youth legislation.

The following is the scope of education and employment difficulties that farmworker youth must contend with when competing in the non-farmwork labor market:

Farmworker Youth Education and Employment Issues

1. Farmworker youth often experience language barriers, lack basic reading skills, and basic math skills. These are necessary enabling skills to allow the youth to even compete in the labor market. The State Migrant Education Department indicates that 80-90 percent of the migrant youth that enter the 9th grade do not complete the 12th grade. The "high" dropout grades for migrant youth are the 7th, 8th, 9th, and 10th. There is no question that educational achievement and employment opportunities are directly related. High School dropouts have unemployment rates of 2 to 3 times higher than high school graduates.

2. Discrimination, because of race, sex, and age by the community and employers are factors that affect the employability of minority youth. Farmworker youth are also affected by these factors. A Department of Labor, Office of Farmworker Programs report for fiscal year 1976 indicates the ethnicity of those served. Blacks and

Hispanics by far comprised the largest percentage. The dropout rate for blacks from High School is 25 percent; for Hispanics it is 40 percent. Although there will soon be a decline in the total number of young people in the labor force; the number of minority youth will continue to grow with the Spanish speaking as the fastest growing minority in the 80's.

3. A disproportunate share of the Nation's poverty is located in the rural areas. Many a farmworker youth reside in rural areas. The experiences of both the farmworker and rural youth in the labor market will be limited by the economic conditions of their families and the communities in which they live. Transportation networks in the rural areas either do not exist or are inadequate. This affects the youth's ability to obtain and keep jobs.

4. Mechanization and/or undocumented workers are playing an increasingly larger role in the displacement of workers. Increased economic pressures will continue to escalate a dependency upon mechanization and/or the use of undocumented workers. The youth of the farmworker family will find fewer and fewer employment opportunities within the agricultural labor market and will turn to the non-farmwork labor market. Unemployment rates for youth ages 16-21 in the State of California major agricultural employment counties range as high as 30 to 50 percent.

FARMWORKER YOUTH PROGRAM RECOMMENDATIONS

We would like to offer the following recommendations based upon our knowledge of the farmworker youth education and employment issues, and our previous program experiences in implementing such programs.

1. Farmworker youth funds have been inadequate in the past. Farmworkers have larger families than the average American family with 2.3 Children. Congress when authorizing CETA legislation set aside a 5 percent allocation for farmworker adult programs. The "Youth Act of 1980" proposes to address the special needs of migrant and seasonal farmworker youth with only a 2 percent allocation. We recommend an increase to 5 percent. This would be consistent with the adult programs and justified because of the larger family size, the low achievement level in

schoolof farmworker youth and the high unemployment rates. There are 303 grantees who have eligible youth in their service areas and are unable to provide adequate services because of insufficient funds. We support and encourage the idea that a higher percentage of resources be made available to farmworker youth.

2. The "Youth Act of 1980" does not allow for the payment of allowances to youth participants under the age of 18 for time in a classroom, or institutional training activity. This would pose a hardship to farmworker youth for whom this source of income often serves a very important purpose. These funds help the family survive, thus relieving some of the economic pressures on the youth while in the classroom.

3. "The Youth Act of 1980" places a greater responsibility on the educational system. This is a system that has undeniably failed farmworker youth in the past. The education system need to be sensitized to the special needs of farmworker youth and the idea of alternative education programs needs to be explored.

4. The new youth direction encourages programs for out-of-school youth to be developed jointly with the "local education agency." For future program purposes, we recommend that the definition of "local education agency" to be expanded to include any non-profit alternative school and/or community based organization who has "demonstrated effectiveness" in serving youth. These agencies have a greater level of success in reaching out-of-school youth than the traditional public school system.

5. We recommend that Equitable consideration be given to farmworker and rural youth under the formulas governing the flow of funds to Prime Sponsors. These target groups should be recognized as a "special needs" population.

6. A greater emphasis is being placed on the involvement of the private sector in CETA programs through Private Sector Initiative Programs. We encourage Congress and Department of Labor officals to ensure that the farmworker population receives equitable consideration in the appropriation of these funds.

Summary

While we applaud the attention that the President and Congress are giving to America's youth employment problem, we feel that it is extremely important that Congress understand and address the unique education and employment problems of farmworker youth. We hope that this brief document will assist you in your work and the needs of this "special" youth population are not overlooked in the passing of this important legislation.

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AN INTRODUCTION

La Cooperativa Campesina De California

La Cooperativa Campesina de California is a federation of all CETA Title III, Section 303, grantees within California's borders, with each grantee filling one seat on La Cooperativa's Board of Directors. Each member organization retains its own unique identity and operational style, permitting unity and diversity to flourish simultaneously. Most of La Cooperativa's eight member organizations are community-based groups, but not all: the State of California's own CETA Office and Employment Development Department each have a seat on the Board, providing a combined forum and opportunity for 303 grantees and State agencies to better the services to which farmworkers are entitled. (Not incidentally, the Department of Labor selects Section 303 contractors annually, so La Cooperativa's membership changes accordingly.)

La Cooperativa, an unincorporated body, is itself neither a 303 grantee nor recipient of 303 monies. Funding for its efforts on behalf of the grantees flows from the Governor's 4% Discretionary CETA Allocation.

La Cooperativa's staff responds to grantee needs as determined through the Board of Directors, allowing La Cooperativa to act as a unified California 303 response to crises while providing research on employment and training issues to member organizations. La Cooperativa also answers requests from State agencies and the legislature for reliable information on farmworker issues and sometimes advocates on behalf of the farmworker community, helping shape public policy and legislation.

Democracy in America means many things to many people. To us at La Cooperativa, it means the right to have choices, especially choices in employment. Most of California's farmworkers do not have that choice right now. Their lack of transferable skills condems them to a reserved spot in the migrant stream, following the harvest--when there is a harvest--south/north/west/and east. We believe the skills training 303 contractors provide can give them that choice, an opportunity to improve their lives. But that decision belongs, ultimately, to the individual concerned, not to La Cooperativa or its membership, but we do make changes possible.

> "now farming became industry, and the owners followed rome, although they did not know it. they imported slaves, although they did not call them slaves: chinese, japanese, mexicans, filipinos. they live on rice and beans, the business men said. they don't need much. they wouldn't know what to do with good wages. why, look how they live. why, look how they eat. and if they get funny — deport them."
>
> john steinbeck, THE GRAPES OF WRATH

TO BEGIN:

the national disgrace is obvious: human beings harvesting food from first light to last, feeding the nation but not themselves, creating wealth, stooping and laboring, benefitting others, sweating and dying, exploited and poisoned and old before their time. for what? for almost nothing — save an early death — in return. tax-generated farm mechanization looms, threatening to erase even these grinding, soul-killing jobs and rendering millions of already impoverished americans totally without a livelihood.

what to do?

perhaps a partial answer exists in the u.s. department of labor's effort to provide job opportunities both within and outside of agriculture through intensive education, training, and services. authorized under title iii, section 303 of ceta (the comprehensive employment and training act of 1973), this national job training effort results, for california, in nine private non-profit and public entities contracting directly with the federal government to provide such services to farmworkers in their respective local areas.

la cooperativa campesina de california began in 1976 as a means to coordinate the resources and services available to california's farmworkers through these nine entities, or prime sponsors. (it's probably important to note that all the member organizations of la cooperativa are separate and autonomous organizations, ultimately responsible for their own activities.) funding for the effort comes from the u.s. department of labor and the state of california.

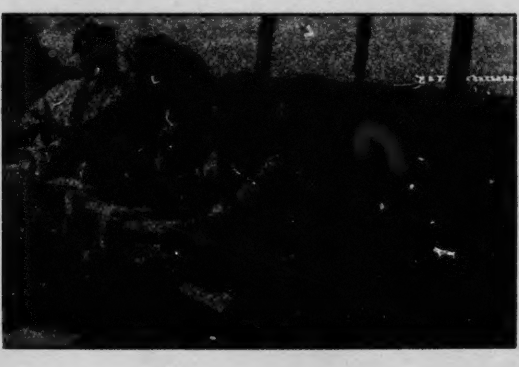
PURPOSE:

la cooperativa's long range objectives are high-sounding and overwhelmingly positive: to drastically reduce employment problems among farmworkers; to minimize duplication of services; and to provide a more effective and efficient use of resources. now, this is well and good, if a bit abstract. in concrete terms, la cooperativa's staff is doing more than a few things to reach these goals:

—searching for new ways to broaden the impact of services based on thorough and sound analysis of what is available;

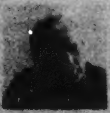
- —providing technical assistance to strengthen program operators' capacity to serve;
- —increasing the exchange of information among members;
- —developing demonstration projects showing the positive aspects of cooperation and coordination;
- —generating reliable, valid statistics documenting farmworker numbers and needs;
- —responding to calls from the legislature for information about farmworkers for regulations being developed;
- —consulting with state agencies concerning farmworker needs;
- —providing a catalogue to farmworkers outlining the major resources available to them throughout the state;
- —informing community-based farmworker organizations of funding opportunities and training local people to apply for these funds;
- —providing overall administrative training to develop autonomous, community-based groups.

it's a lot to do, and much, much more remains to be done before all those who harvest the nation's food truly have even a chance at a decent life. watch us go.



Members of La Cooperativa's planning committee met to organize the statewide Conference on Rural and Migrant Affairs

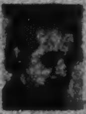
BOARD OF DIRECTORS



dick gass
state of california
employment development department
sacramento

roberto gracia
california training and advocacy office [illegible]
sacramento

george moton
city of stockton



chairperson george ortiz
california human development corporation
santa rosa

aldaberto ramirez
campesinos unidos, inc.
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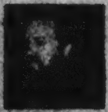
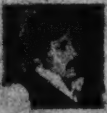


secretary tom richardson
proteus adult training, inc.
visalia

treasurer mario rodriguez
county of los angeles

jim taylor
central coast counties development corporation
aptos



vicechairperson pete valdez
center for employment training
san jose

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[illegible] Inc.
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KAISER ALUMINUM
& CHEMICAL CORPORATION

March 13, 1980

The Honorable Gaylord Nelson
Chairman, Subcommittee on
Employment, Poverty &
Migratory Labor
United States Senate
Washington, D. C. 20510

Dear Senator Nelson:

Thank you for the opportunity to file a statement with your Subcommittee regarding the youth unemployment problem. Kaiser Aluminum & Chemical Corporation believes this is one of America's most serious problems.

Here in Oakland, California, where minority youth unemployment runs as high as 75% in some communities, we have addressed the problem through a work/study program called Summer on the Move. During the summer of 1979, a collaborative effort of the University of California at Berkeley, the Oakland public schools, and Kaiser Aluminum resulted in a six week innovative education/employment program for 120 Oakland High School students. This program is being continued during the regular Oakland High School year this spring.

Experience with this program has given us some practical methods of addressing both the youth unemployment problem and inadequate educational preparation, the other side of the unemployment coin. We would like to share those methods with you and your Subcommittee.

Accordingly, the enclosed statement is being submitted by Kaiser Aluminum & Chemical Corporation, in conjunction with the University of California at Berkeley and the Oakland Unified School District, with the request it be made part of your Subcommittee's hearing record.

Sincerely,

Richard L. Spees
Vice President, Public Affairs
Western Region

cc: Dr. Ruth B. Love, Superintendent, Oakland Unified School District
Dr. Marilyn H. Buckley, Coordinator, Advanced Reading-Language Leadership Program, Dept. of Education, Univ. of Cal. at Berkeley
Ms. Mary T. Williams, Principal, Oakland High School

300 LAKESIDE DRIVE, OAKLAND, CALIFORNIA 94643

STATEMENT ON YOUTH EMPLOYMENT
FILED WITH
THE SUBCOMMITTEE ON
EMPLOYMENT, POVERTY,
& MIGRATORY LABOR
UNITED STATES SENATE

March 14, 1980

Submitted by:

Kaiser Aluminum & Chemical Corporation in Conjunction with the University of California at Berkeley - School of Education & the Oakland Unified School District

Kaiser Aluminum & Chemical Corporation believes that youth unemployment is one of America's most severe problems. There is an entire generation of young people who cannot make the transition from school to work because of a lack of work experience and inadequate basic skills. You already know the dimension of the problem:

-- a 40% unemployment rate among minority youth - as high as 75% in some communities of East Oakland, California.

-- an unemployment rate two to three times greater for high school dropouts.

-- a track record of poor youth who enter the labor market with lower wages who never catch up.

-- high school dropouts whose unemployment record is 3 times that of graduates.

-- 40% of hispanics who are failing to complete high school.

-- an unemployment picture that shows the unemployment is highly concentrated -- that is, 3/4 of the total unemployment among young people is accounted for by less than 10% of the population that suffers through long periods of joblessness.

Match these problems with the changing economic future: a service-oriented, white collar and technical economy. Over the past thirty years, the number of service jobs has increased 120% as compared to 30% for manufacturing.

In this kind of an ever changing job market, it is essential that our young people are self-reliant problem-solvers. We cannot afford the luxury of only knowing one thing.

No one can honestly tell anyone what they will face in employment except that it will probably be unexpected. How do you prepare for the unexpected? We must teach self-reliance; problem-solving, critical and creative thinking -- the How to think, not the What to think. We must instill in youth the courage to face the unknown.

There is no better way to teach self-reliance and adaptability than to give our young people a variety of real life/work experiences and provide them the opportunity to think and solve problems. During the 1980's, the private sector must re-enter the education, job and career development areas in partnership with the public sector.

We would like to make several recommendations regarding the youth unemployment problem.

First, public/private partnerships should be developed and sustained where possible in this area of education/employment. The private sector often cannot, alone, afford to mount and carry out these types of programs. The government, however, does not have access to those real life jobs, in real life situations that can provide that self-reliance, skill developing experience and education

Second, we recommend a program that combines a problem solving curriculum with work experience. Resources should be provided to secondary education to sponsor such a program via a public/private partnership. One example is a very successful work/study program called Summer on the Move. This was a collaborative effort of the University of California, Berkeley, Oakland Public Schools and Kaiser Aluminum. The basic model was a six-week education/employment program for 120 Oakland High School students. The program had several key elements:

1. An emphasis on students taking responsibility for their own actions.
2. The problem-solving method which connected both school and work.
3. Writing, reading, listening, and speaking across an interdisciplinary curriculum.
4. The pairing of U.C. Berkeley professors and graduate students with Oakland High School teachers.
5. Involvement of the parent, employer in the school setting.
6. A heterogenous grouping of students, economically, ethnically, and academically (low achievers to high achievers, low income to middle-income, Black, Asian, Hispanic and Caucasian).

Kaiser Aluminum paid for the entire program, placing students with the company, but also with 54 small business employers in the retail, trade, manufacturing, service and recreational areas.

Students attended classes in the morning four days per week at a junior college site and worked in a variety of jobs in the afternoons five days per week. An employment consultant was hired by Kaiser Aluminum to develop these jobs.

During the spring semester (February 4 - June 13, 1980), we are working with other members of the collaboration to incorporate the summer model into the regular school year at Oakland High School. Success on the Move, the spring semester version of the summer model, has enrolled 130 students. Applicants were interviewed by a team of staff members from Kaiser Aluminum, U.C. Berkeley, and Oakland High School. Two teams of four teachers each, plus part-time instructors from Oakland High, assisted by graduate students and professors from the University are team teaching, utilizing interdisciplinary and problem-solving approaches with an emphasis on language across the curriculum. Students attend the Success classes one period per day and work in the afternoons two hours per day, not more than ten hours per week. Continuing in this spring program have been small, medium and large businesses -- some from the summer model. Our efforts with the employers in both summer and spring sessions have supported some theories:

1. A private-sector employer will respond more to another member of the private sector.
2. Employers are not as concerned about a youth's skills as about his willingness to work.
3. Jobs turn students on to learning.
4. Many more small businesses could participate if they had some financial assistance.

Based upon our experience with this program, we would recommend that any work/study program have the following elements:

In education:

1. An emphasis on language arts in all subjects.
2. An emphasis on the problem-solving technique.
3. Heterogeneous groupings of students, academically, ethnically, and economically.
4. An interdisciplinary curriculum.
5. A career education component in every discipline.

In employment:

1. An emphasis on work attitudes within the school curriculum.
2. An involvement of the employer/parents in the school in meaningful ways -- curriculum development, observers, tutors, for career information -- so that educators can better prepare students for the world of work.
3. Provide a pairing of private/public funds to allow the participation of small businesses and the heterogeneous groupings of students (that is, have CETA funds pay for the low income students while private funds pick up the cost for middle income students, but allow both to participate in the same program). We found that this heterogeneity acted as a catalyst for both the low achiever and high achiever in improving their ability to learn

Third, and finally, we would encourage a better use of CETA Title VII Resources to promote education/work programs such as the one described above. We would recommend a number of procedures should be incorporated or retained in the CETA Regulations. These include:

1. Tax incentives for those employers hiring high school youth on a part-time basis or during the summer -- say for six weeks.
2. Provide tax incentives, like Jacob Javits' S. 2219 which allows exemption from social security taxes for the first six months of work for both the employer and the youth.

3. Allow the pairing of private/public sector funds for small businesses who cannot afford a youth's employment costs above the minimum wage (for example, social security, workmen's compensation, etc.), or who have to pay union scale to hire young people.
4. Provide technical assistance to small businesses to aid them in complying with the requirements of the CETA program. For example, filling out forms, accounting, and compliance work before a youth's arrival, during the term of employment, and the evaluative activities after they've left.
5. Streamline the paper process.
6. Allow pairing of private/public funds so that heterogeneous grouping of students and employees can be achieved. We must stop isolating and labeling the economically disadvantaged youth. If all their training occurs in groupings with similar youths, they will not understand other experiences, attitudes or cultures in which they are expected to compete in the real work world. We must stop setting them up for failure. President Carter's recent youth initiative does not provide such a pairing of funds.
7. Continue the 22% of CETA that has been earmarked for high school work/study, incorporating placement centers, career education, performance, and work attitudes as part of a student's record.
8. Provide for a pool of funds or matching funds to

a group of small businesses who wish to "adopt" or work with a particular high school for career education/employment training who could not do so without assistance.

9. Utilize part of your monies under Title VII, Section 679.6, to provide a clearinghouse of information on training activities/career information available in a youth's particular city/region.
10. Utilize this same money to disseminate information to small and large businesses on what CETA programs exist, what they can and cannot do, and their successes.
11. Improve the image with the private sector that a CETA employee is ill-prepared with poor work attitudes by insisting and helping our clients understand what the job requirements are and insisting that they be met.
12. Allow the private sector to provide training, utilizing CETA money.

Kaiser Aluminum and Chemical Corporation believes that we already have the resources to solve the problem of youth unemployment. What we need are innovative and creative methods of utilizing these resources. The Summer on the Move/Success on the Move model is an example of one successful approach. We believe it can greatly impact the unemployment problem while simultaneously making a contribution to the reform of secondary education along the lines suggested by the recent Carnegie Institute Study.

If we are to solve the youth unemployment problem, then the philosophy behind all its programs should be on youth taking responsibility for their own actions. No matter how many dollars and training programs we establish, if we only train students in the mechanics of one job field and not in the process of How to continue functioning in an ever-changing economy, then we have only created a cripple who, with another economic downturn, will need another government-sponsored training crutch. Our job -- yours and mine -- because the problem belongs to all of us -- is to help youth help themselves. Together, in partnership, the public and private sector can make a difference.

The Commonwealth of Massachusetts
Department of Manpower Development
Charles F. Hurley Building, 6th Floor
Government Center, Boston, Mass. 02114

GEORGE S. KARIOTIS
SECRETARY
OF ECONOMIC AFFAIRS

MARIO ALFANO
Acting ASSISTANT SECRETARY
OF ECONOMIC AFFAIRS
FOR MANPOWER DEVELOPMENT

March 27, 1980

Honorable Gaylord Nelson, Chairman
Subcommittee on Employment, Poverty
 and Migratory Labor
A-701 Immigration Building
Washington, D.C. 20510

Dear Senator Nelson:

In conjunction with your Subcommittee hearings on the reauthorization of CETA youth programs, I am transmitting the enclosed Position Statement adopted by the Policy Committee of the Massachusetts State Employment and Training Council. I would like to have this statement entered into the record of your hearings. I hope that the views expressed here will be of use to your Subcommittee, and will be taken into consideration in the course of your deliberations.

Very truly yours,

James C. Calkins

James C. Calkins, Chairman
Policy Committee, Mass. SETC

cc: Hon. Claiborne Pell
Hon. Alan Cranston
Hon. Howard Metzenbaum
Hon. Jacob Javits
Hon. Orrin Hatch
Hon. William Armstrong
Mr. Scott Ginsburg
Mr. James O'Connell

Position Statement on Reauthorization of CETA Youth Programs

Policy Committee

Massachusetts State Employment and Training Council

The reauthorization of CETA youth programs, currently enacted as the Youth Employment and Demonstration Projects Act of 1977 and due to expire on September 30, 1980, is the major legislative priority of the CETA system this year. Already, several pieces of significant legislation have been introduced in Congress to accomplish this purpose. The purpose of this statement is to present the position of the Policy Committee of the Massachusetts State Employment and Training Council with respect to a number of key issues that are raised in proposed legislation. These opinions are based upon a set of principles pertaining to the provision of E&T services to youth that have been developed over time by the Massachusetts State Employment and Training Council.

First, the consolidation of CETA youth programs into a block grant is the single most important reform which Congress could enact. The current categorization of programs into YETP and YCCIP is artificial at best, since the type of activities allowed under YCCIP may also be carried out under YETP; at its worst, however, categorization is a tremendous administrative burden, causing hours of needless paperwork, particularly for small prime sponsors whose YCCIP allotment may be less than $100,000. No useful purpose is served by this arbitrary division of youth funds. Instead, decategorization would serve to return decision-making to the local level where the exact mix of services provided to youth can be adapted to their needs and to the conditions of the local labor market.

The plethora of major youth bills currently introduced in Congress is a hopeful sign in that it indicates the serious attention which many Members are devoting to this issue; it is a worrisome phenomenon, however, in that it threatens to bog down the legislative process, and, more importantly, threatens that the final product for youth legislation may be more of a patchwork quilt than the current law. This must not be allowed to happen.

In this same regard, it appears that most, if not at all, of the bills now before Congress contain special pots of money for this and that, or setasides for some worthy purpose or another, or incentives for every sort of priority, or required matches in order to get more money. For example, the Administration's bill has so many divisions of money that it resembles an organization chart of the federal bureaucracy. Under this bill the money available to prime sponsors under the basic formula grant for youth programs is actually reduced by $200 million dollars from $693 million currently available under YETP to $497.8 million, and prime sponsors will be "challenged" to mortgage this reduced pot to national priorities in order to increase their allocations through incentive grants. This is hardly the decategorization that has been promised.

In a related matter, since we are talking about trying to put all the youth money into one pot, it is time to eliminate the current requirement for maintenance of effort for youth in Title IIB. This requirement made sense when YEDPA was first passed, since the purpose of that Act was to increase the level of services to youth. It no longer makes sense, however, to hold prime sponsors to the same percentage of youth served in Title IIB as were served in March of 1977. At that time, prime sponsors were in their infancy, there was great pressure to build up numbers of clients quickly, and so primes turned to youth as the easiest target population. Many were "caught" in March of 1977, with very high percentages (in most of Massachusetts as high as 55%) of youth in then Title I. Now, however, prime sponsors have developed more sophistication in serving the more difficult adult population and are eager to do high quality training programs for these people, but are artificially constrained from doing so. The planning process is bound and hampered, and large chunks of money are, for practical purposes, earmarked for after-school work experience, the inevitable result of having so many youth in Title IIB. The issue, put simply, is one of quality.

Not all, but most youth belong in Title IV, not in Title II. This conclusion is strengthened when you consider that the goal of Title II is long-term placement into unsubsidized employment. This is not necessarily the most desired outcome for youth. Most of the bills before Congress now recognize that what youth need from the CETA system is a variety of services, including competency in basic skills, career exploration, sampling of different work possibilities, and other strategies which are intended to produce long-term effects rather than immediate placement which might lock the youthful client in too early. In addition, Title IIB is partially evaluated on the basis of cost-per-placement: not only is this an inappropriate measurement of success in youth programs for the reason just cited, but by having so many youth in Title IIB, the cost-per-placement figure is thrown off balance, the prime sponsor looks bad, and a totally inaccurate picture emerges. Whatever good work the prime sponsor is doing with adults gets erased in the numbers.

This situation is made even worse by the fact that the percentage mandate for service to youth differs from prime sponsor to prime sponsor: each is stuck with its own March 1977 percentage, and some which became primes after this date are stuck with balance-of-state or other percentages not of their own making. The cost-per-placement for the prime sponsor with a 10% mandate is compared to that for a prime with a 55% mandate, and obvious gross inequities occur. Cost-per-placement, therefore, becomes a meaningless basis for performance review.

The rigidity of program design engendered by the maintenance of effort provision is the very thing that decategorization is designed to remedy. Congress should act, swiftly, to see to it that all the youth money is put in one place and that prime sponsors are given the flexibility to design the appropriate mix of programs for their clients and their locales. We would point out an easy way to do this: a simple re-enactment of YEDPA, with the elimination of Subpart 2 - YCCIP, and the removal from Section 431 of maintenance of effort language.

Second, in keeping with the consolidation and decategorization of youth programs, legislation should establish a uniform eligibility criterion for youth programs. This criterion should be based on family income, and should be set at 70% of the Bureau of Labor Statistics lower living standard income level, in order to target services to those youth most in need. However, because some very needy youth may not qualify under this eligibility criterion, we support a provision that a prime sponsor may use up to 10% of its youth grant to serve those otherwise ineligible.

Third, several bills have been introduced in Congress to authorize a subminimum wage for youth at 85% of the minimum wage. Such a provision could have very negative consequences: on the one hand, it could lead to the displacement of adult workers, and on the other hand, it could be open to abuse by employers who would take advantage of this break to hire those whom they would have hired anyway. No one knows in which direction this issue would break. Furthermore, the concept of a subminimum wage ignores the legitimate needs of many youths, particularly young parents and other youths with family responsibilities, for money to support themselves and their children. It would foster incentives to drop out of school, as part-time after-school jobs become inadequate in terms of earnings, and full-time subminimum wage jobs are sought.

The high-minded purpose behind the concept of the subminimum wage--to give employers an incentive to hire youth--could be better served in other ways. In particular, if subsidized work experience in the private sector could be allowed, and if OJT payments and the Targeted Jobs Tax Credit could be applied simultaneously, these are two attractive alternatives to the subminimum wage.

Finally, on the issue of employer incentives, caution should be exercised in considering two other proposals before Congress--six-month waivers of social security taxes and unemployment insurance taxes. Such exemptions would give the unscrupulous employer a strong incentive to roll over his labor force every six months, a fault to which the Targeted Jobs Tax Credit is also perhaps prone. To the extent possible, such "cliff" effects can be alleviated by phase-ins (of taxes) and phase-outs (of credits). It is a point to keep in mind.

Fourth, it is essential that the allocation formula for distribution of basic grants to prime sponsors be well-targeted, and for this reason we are completely opposed to legislative proposals to institute performance-based funding, particularly when performance is measured by long-term placement which, as stated above, is not always an appropriate way to measure success in youth programs. Performance-based funding has the unfortunate effect of encouraging "creaming" of the applicant pool, thus neglecting those "most in need." It also tends to reward areas with strong economies where placement is relatively easy, and to shortchange areas "most in need." Instead, CETA youth programs should be funded on a needs-based formula which includes unemployment as one of its factors.

This is not to say that we are opposed to performance measures themselves. With regard to them, however, it is imperative that standards of performance for prime sponsors not be imposed arbitrarily from the national level. Performance standards for prime sponsors must be developed in each case at the local level, derived from a rigorous planning process that takes account of the local employment situation and the needs of clients. And prime sponsors must be held to them. We also endorse, and ask Congress to give serious consideration, to instituting the concept of peer review, as is used in school and hospital accreditation and and in the accounting profession, as a means for evaluating prime sponsors.

With regard to performance standards for participants, a prominent feature in the Administration's bill currently going by the popular names of "benchmarking" or "credentialing," we have serious concerns. There currently exists a system of benchmarking for youth in this country--it's called passing the ninth grade, passing the tenth grade, etc. Johnny passes these benchmarks, and still he can't read. He receives a credential, a high school diploma, and employers find him inadequately prepared. In short, we have evidence that a piece of paper in hand can be meaningless. We are extremely wary of the potential for rigidifying the CETA system which the benchmarking concept poses. Instead, we believe that the prime sponsor's own good reputation and credibility in the local business community, something which the prime sponsor must work to develop, is the best recommendation and the best assurance that employers will be willing to hire CETA "graduates."

Perhaps the credentialing concept is an attempt to get away from advocacy referrals and appeals to employers' social consciences. If this is so, it is a misguided idea since advocacy referral will be needed as long as there are more youths than jobs for them.

Fifth, many pieces of legislation currently before Congress have new councils and advisory groups, some at the federal level, some local. The proliferation of such groups must cease. Prime sponsors already have three councils to juggle and are plagued by the vested interests of many of the persons who are willing to serve on them. Surely existing councils can be adapted to serve whatever needs Congress perceives without creating new ones.

Sixth, coordination with other agencies, Employment Security offices, local education agencies, and other federal programs, is a key element of an integrated approach to serving the needs of youth. Too frequently, however, and in too many of the bills before Congress, the burden of achieving this is placed solely on the CETA system, with no mandates for cooperation on the other side. To give but one example, it was a battle this past year to get cooperation with CETA even mentioned in the reauthorizing legislation for EDA. This must stop.

The role of the Employment Service in the youth effort is one place to start. We believe that the establishment of a separate unit in ES to deal exclusively with youth might be worthwhile, since such a unit could be staffed by counsellors especially attuned to the employment needs of youth. Since the provision of job search assistance to youth should not be income-conditioned, ES is the proper agency to do it. It is essential, however, if this new unit is mandated that there must be new funding for it, (not to come out of CETA), and it should be allocated on a needs-based formula. Coordination with CETA should be legislatively mandated.

With regard to coordination with the schools, one of the best mechanisms that could be adopted to achieve this is forward-funding of the CETA youth programs. Educators have frequently made the observation that coordination is hindered by the lack of synchronization in funding cycles between CETA and the schools, and by the annual uncertainty over the level and timing of CETA funding. Somehow between this common sense fact and program implementation, the point gets lost. This is a good time to rediscover it.

Coordination with other federal programs, such as economic development, is also an important priority and one to which all relevant federal agencies, not just the Department of Labor, should be committed. The current interagency employment initiatives agreement is intended to accomplish this purpose of having other federal agencies target some of their resources to the disadvantaged. This effort should be encouraged and strengthened by legislative mandates to the agencies in addition to the Department of Labor which should be involved.

Finally, of overriding concern to the CETA system and all those concerned with the needs of disadvantaged youth is the timing of new legislation. Like the many Members of Congress who have sponsored youth legislation, we would like to see new legislation, based on the principles outlined above, enacted in this session of Congress. We are fearful, however, on two counts: 1) that haste will produce a hodge-podge; and 2) that a slow, deliberate approach will leave us on September 30 completely up in the air as we were in September of 1978. It is a dilemma, but our preferred solution is this: a clean and simple bill, a block grant through the CETA system, passed and signed early.

70001 Ltd.
[illegible]
Suite [illegible]
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[illegible]

CORPORATE OFFICERS AND DIRECTORS
[illegible]

HONORARY DIRECTORS
[illegible]

Main Office:
[illegible]

AN EQUAL OPPORTUNITY EMPLOYER

March 27, 1980

The Honorable Gaylord Nelson
Senate Subcommittee on Employment,
 Poverty and Migratory Labor
Senate Committee on Labor and Human
 Resources
United States Senate
Washington, D.C. 20515

Dear Mr. Nelson:

Enclosed are 70001 Ltd.'s comments on the youth employment and training legislation pending before the Senate Subcommittee on Employment, Poverty and Migratory Labor of the Senate Committee on Labor and Human Resources. I hope they will be of assistance to you and your staff in developing a youth employment and training legislation which can be passed by this session of Congress.

70001 Ltd. applauds the efforts of your Subcommittee in addressing the severe problems facing disadvantaged youth at this time. I am hopeful that the nation's commitment to these people will be maintained. The needs of the youth are crying to be met, as indicated with increases in high school dropout rates, youth unemployment and decreases in scholastic achievement by secondary school students. It is only through concerted efforts by all segments of society that a long term impact can be made.

Since 70001 Ltd.'s policy and approach to assisting disadvantaged high school dropouts has been entirely directed to unsubsidized private sector employment, we are encouraged by the direction of the pending legislation towards private sector employment. Four out of five jobs for entry-level positions and opportunities for career advancement are in the private sector. The additional emphasis being placed on job retention and advancement is supported by 70001 Ltd.

If you have any questions regarding our comments or approach to youth employment and training, please do not hesitate to contact me. Also, if we can be of assistance to you or your staff in developing a youth employment and training bill, please let me know and we will be more than willing to do what we can.

Thank you for your consideration of our views on youth employment and training.

Sincerely,

Larry Brown

Larry C. Brown

70001 Ltd.

comments on

Youth Employment and Training Legislation

INTRODUCTION

70001 Ltd. urges Congress to at least maintain and, hopefully increase, its commitment to youth of the nation. We applaud the efforts of the Subcommittee and the Administration in developing a comprehensive approach to the problems of youth employment, education, and training. Although the problems are great, there is a tremendous need to act now, rather than postpone action on addressing the specific problems for a later date. The long term impact of inaction will only create additional issues which will be met by future Congresses, Administration, and the nation.

70001 Ltd. is a non-profit corporation whose mission is to bring unsubsidized employment opportunities and educational advancement to disadvantaged youth. Our efforts are primarily directed towards economically disadvantaged high school dropouts between the ages of 16 and 22. There are currently 56 70001 programs in 24 states which provide pre-employment training, educational instruction, job placement and retention services, and motivational activities to the youth. 70001 offers no stipends or subsidies to either the participating youth or employer. Since 1976, we have placed over 9,000 youth who have earned $10.4 million in wages and paid an estimated $2 million in federal, state and local taxes.

Despite our rapid growth, we have maintained a consistent record of achievement in helping young people with a per placement cost of approximately $1500.

With the addition of the Detroit Pre-Employment Training Center, 70001 Ltd. has expanded its constituency to include high school seniors and recent graduates. The Detroit Center provides urban youth with an intensive four-week program to assist them in the transition to the world of work, particularly in an industrial environment. It represents a joint effort between General Motors, Ford Motor Corporation, the Budd Company, the Detroit Public Schools, and the Michigan Department of Labor. Although the program is only a year old, to date we have experienced over 95% attendance record.

70001 Ltd. suggests the following issues be included as a part of youth employment and training legislation passed by the Congress this year:

1) Authorization

The knowledge which has been developed through the Youth Employment and Demonstration Projects, the Vice President's Task Force on Youth Employment, and the numerous Congressional hearings should provide a solid base for a comprehensive youth employment and training bill. The elements of the youth employment issue are numerous and multifaceted. It has been our experience that the needs of the disadvantaged high school dropout, in particular, are complex and varied. The expiration of the present Title IV of the Comprehensive Employment and Training Act on September 30, 1980, and the Congressional appropriations process are placing severe time restraints on the pending legislation. Thus, a youth employment and training bill must be so focused and enacted as expeditiously as possible.

There is a tremendous need for continuity and leadership by the Federal government on youth employment and training. The ability to plan, develop, implement, and administer comprehensive services to youth on a local level is entirely contingent upon the authorization of such programs by Congress, and a relative knowledge of the funding levels for them. This is particularly acute under the broad and comprehensive purposes established under the Administration's proposal, S 2385. Therefore, we urge Congress to incorporate multi-year authorization and forward funding in a comprehensive youth employment and training program.

2) Substitution and Performance Standards

It is extremely important that the funds appropriated by Congress for youth employment and training serve the greatest number of youth as intended by the bill. Strong language should be included in the legislation to make certain that monies appropriated for youth programs are not used for other programs and CETA Titles. By maintaining a strong anti-substitution clause, the youth with the greatest need, as identified by Congress, will be insured of receiving the mandated programs and services.

70001 Ltd. supports the use of performance standards for prime sponsors, educational agencies, and service deliverers based on program results. Overall goals should be established for youth employment, training and education by the Secretary of Labor and the Secretary of Education. The emphasis on such goals for prime sponsors should stress youth employability development, job placement and retention in private sector employment, and basic educational and skill advancement. The standards for service deliverers should be tailored to the local labor market and economy. The performance standards for the educational agencies should be established by the Secretary of Education to overall goals and purposes as provided under Title II of S 2385. Such standards should stress educational advancement, decrease in dropout rates and increases in employability of the youth graduating from the secondary education system.

3) Special Incentive Grants

The inclusion of a clear direction to private sector employment is imperative in developing long term impact on youth employment and training issues. The Administration's "Youth Act of 1980", S 2385, provides Special Purpose Incentive Grants to prime sponsors for various exemplary or innovative programs. The emphasis in Section 422 (c) on the private sector and labor organizations should be included in any youth employment bill passed by this Congress.

The use of a "carrot" rather than "stick" approach to linkages with private sector employment should encourage greater and better use of available resources. In addition, the flexibility to tailor the services and programs to local conditions and the needs of youth should improve the present service delivery system. It has been the experience and policy of 70001 Ltd. that the disadvantaged youth must be provided services tailored both to their needs and particularly to the needs of the private sector within the community. By placing the emphasis on meeting the private sector needs for entry-level positions, the job retention factors can be isolated and strengthened by providing necessary services to youth. Present policy emphasizes job placement, rather than retention, through such policies as the 30 day limit on post-placement services under the present CETA regulations. It is imperative that this policy be modified to provide an equal emphasis on job retention and advancement. 70001 Ltd. is encouraged that this emphasis is being seriously considered in various bills pending before Congress.

4) Benchmarks

The establishment of goals and objectives for participating youth should be promoted and encouraged through such concepts as an employability development plan, benchmarks or similar ideas. These goals and objectives should be localized and individualized based on broad criteria established through the legislation. The purpose of such goals and objectives will be to provide the youth with readily identifiable signs of advancement. With the increased emphasis on private sector employment, the importance of job retention, job advancement, and experience will become emphasized.

Under the 70001 Ltd. approach, the youth are taught the importance of work experience and how to promote themselves and their experiences to employers. We have learned that employers are looking for employees who are dependable and have basic educational and employability skills. By developing benchmarks, the youth will be able to document their advancement and abilities.

The use of stipends and incentive allowances should not be provided except in special cases of extreme need or extended specialized skill training prior to job placement. Although stipends and allowances may be an excellent way of attracting youth into the programs, we do not believe that they are a useful tool for motivating the participants. 70001 Ltd. over the years has developed successful techniques to encourage motivation and participation without stipends, allowances, or incentives. However, the costs of such factors as transportation, day care, health care or other support services should not be barriers to participation in the various programs and services provided.

5) Eligibility and Targeting

The areas and youth with the greatest need should be targeted by the youth employment and training legislation. Priority should be given to those youth who are economically disadvantaged and experiencing the most severe handicaps to employment. We support the 85% LLS income level for 16-21 year olds with an exemption for handicapped individuals, youth under the supervision or jurisdiction of the justice system, and teenage parents. In addition, 70001 Ltd. supports a priority for high-school dropouts, youth who have been unemployed for extended periods, youth lacking equal opportunity, veterans, handicapped individuals, youth [illegible]pendents, and youth lacking substantial basic and remedial skill [illegible]ment.

6) P[illegible] Linkages

[illegible]ll passed by Congress should encourage greater cooperation and coor[illegible]ation between the educational agencies and employment and training institutions. The 22% setside for educational services under YEDPA has proven beneficial in establishing strong linkages with the CETA system and educational agencies. 70001 Ltd. feels it is necessary to provide a broad range of opportunities which are coordinated and comprehensive in their approach to youth employability development in order to meet the wide variety of needs of the targeted youth.

Such linkages are clearly defined within Title I of S 2385, the Administration's "Youth Act of 1980". However, the corresponding linkages under Title II of the legislation do not prescribe the same strong coordination. 70001 Ltd. strongly urges the Secretary of Labor and local prime sponsors to have the same sign-off authority on the employment and training provisions under Title II, as the Secretary of Education and educational agencies have on the educational components of Title I.

The role of alternative education is not adequately addressed as a method of meeting the needs of disadvantaged youth under the Administration's proposal. The legislation should provide assurances that adequate funds be used by the local educational agencies for alternative educational experiences under Title II. The involvement of community based organizations with the local educational agencies and schools should be required for the development and implementation of alternative education, whenever possible.

In order to improve the comprehensive nature of the "Youth Education and Training Act" and the "Youth Training and Employment Act" within S 2385 , 70001 Ltd. suggests the State Supplemental Programs provisions under Subpart 2, Title II, be utilized for cooperative programs with the Equal Chance Supplements under Section 413, Title I. The monies made available under both of these Titles should be targeted to those areas meeting the eligibility criteria as specified in Section 413. Thus, in-school and out-of-school youth in the areas of greatest need will be provided a truly comprehensive package of programs and services designed to address the employment, training, and education problems of those areas. Such programs and services shall be developed, implemented, and administered through cooperative agreements with the prime sponsor and the State Educational Agency.

The purpose of these Supplemental Programs will be to cooperatively address the severe obstacles to the employment and employability development of the youth living in areas of severe economic and social problems. The cooperative plans to meet the obstacles of youth in these areas shall be included in the prime sponsor's youth plan and be approved by the Secretary of Labor as an integral part of the prime sponsor's comprehensive plan. Such plans should also be reviewed by the youth advisory council and the local district advisory council. 70001 Ltd.

urges representation on these councils by prime sponsors, education, labor organizations, private sector, community based organizations, and other community organizations.

In addition, a National Commission on Youth Employment and Training should be established to further examine and develop a coördinated comprehensive approach to youth. The first priority of the Commission should be to explore and recommend federal involvement in secondary school activities to bolster the effectiveness of in-school employment and training programs, and develop better programs for the transition from school to the world of work by high school students. It is our opinion the rise in the high school dropout rate has not been adequately studied to provide a comprehensive federal program which will effectively stem the tide.

Conclusion

The inclusion of all elements of society which impact upon youth employment and training should be linked together in the planning, development, implementation and monitoring of the programs and services. It is only through this parthership that the lives of the disadvantaged youth of America may be truly improved. 70001 Ltd. is encouraged by the concern expressed by the Congress and particularly the Administration. We sincerely hope that the cooperation between the various federal departments and agencies, labor organizations, the private sector, community based organizations, educational institutions, and the other community organizations will continue in order to diffuse the social dynamite which will be upon us if we fail to meet this challenge.

GREATER OPPORTUNITIES INDUSTRIALIZATION CENTER
OF METROPOLITAN DETROIT
CAREER INTERN PROGRAM
2930 CRANE
DETROIT, MICHIGAN 48214

TESTIMONY PRESENTED TO:
THE COMMITTEE ON LABOR AND HUMAN RESOURCES

SENATOR SCHWEIKER AND SENATOR RANDOLPH

PRESENTED BY:
AUDREA H. BLANDING

Mr. Chairman, my name is Audrea H. Blanding and I am the Director of the Detroit Greater Opportunities Industrialization Center/Career Intern Program (GOIC/CIP). I am honored to present my testimony before the committee on Labor and Human Resources in support of the amendment to the Comprehensive Employment Training Act. As a member of GOIC, an affiliate of OIC's of America, it is both gratifying and complimentary for our organization to have been identified to testify.

May I also bring you greetings from our Board Chairman, the Rev. Roy A. Allen and a continued thank you for the support you have given to Rev. Leon H. Sullivan, our National Founder and Chairman of the Board.

As Director of Detroit's Career Intern Program, I must focus my remarks on the crisis of the destruction of our most important resource--our youth.

It has been stated by Mr. Carl Rowan that as of December 79, more than one and one half million teenagers were out of work, including 347,000 blacks. This is a jobless rate of 34% for black youngsters; however, it is generally agreed by experts such as those in the National Urban League's research department that this percentage goes as high as the 50-60 percent range in the inner cities of our nation. Figures from Mich Employment Security Comm. MESC would support these figures and further suggest that Michigan's unemployment rate may range from four (4) to ten (10) points higher than the national average. This high unemployment is due in part to the fact that many 16-21 year olds fail to complete high school. In fact, in 1978, 5,470 students dropped out of Detroit schools. The Opportunities Industrialization

CENTER, FOUNDED BY THE REV. LEON SULLIVAN HAS ADDRESSED THIS GREAT PROBLEM OF THE WASTE OF HUMAN POTENTIAL. FOLLOWING DR. SULLIVAN'S VISION AND LEADERSHIP, THE LOCAL OIC, GOIC, ESTABLISHED THE DETROIT CIP, REPLICATING THE SUCCESSFUL PHILADELPHIA PROGRAM. THE PROJECT IS BEING FUNDED WITH A GRANT FROM THE DEPARTMENT OF LABOR'S OFFICE OF YOUTH PROGRAMS TO THE NATIONAL INSTITUTE OF EDUCATION.

DETROIT CIP HAS BEEN IN OPERATION TWENTY-SIX (26) MONTHS AND IN THAT SHORT TIME SPAN HAS BEEN SUCCESSFUL IN DEVELOPING AN EXCELLENT WORKING RELATIONSHIP WITH THE LOCAL EDUCATIONAL AGENCY, AS WELL AS OTHER COMMUNITY AGENCIES AND THE COMMUNITY IN TOTAL; AS EVIDENCED BY THEIR MATERIAL, TECHNICAL, AND MORAL SUPPORT, AND BY COMMUNITY PARTICIPATION IN THE CIP CONFERENCE HELD DECEMBER 5-7, 1979 IN DETROIT. MOST IMPORTANTLY, CIP HAS GAINED THE RESPECT OF THE INTERNS IT SERVES. THIS RESPECT IS DEMONSTRATED BY THE ENTHUSIASM THE INTERNS EXHIBIT WHEN TALKING TO THEIR PEERS ABOUT CIP AND ITS PROGRAM; BY THE ABSENCE OF GRAFFITI ON THE WALLS OF THE CORRIDORS AND ROOMS OF THE SCHOOL, BY THE ABSENCE OF OBSCENE AND ABUSIVE LANGUAGE, BY STUDENTS PUNCTUAL ARRIVAL TO CLASS AND BY THE SUCCESS OF THE COHORT IV RECRUITMENT WHICH RESULTED IN INTERNS BEING ADMITTED WHO OPTED FOR CIP FOR REASONS OTHER THAN DROPPING OUT OF SCHOOL.

THE SUCCESS OF THE CIP CAN ALSO BE DEMONSTRATED STATISTICALLY. OF THE THREE HUNDRED AND FIVE (305) PERSONS WHO WERE ENROLLED, TO DATE; THERE ARE ONE HUNDRED AND FIFTY-FOUR (154) INTERNS WHO ARE ATTENDING AT A 64% WEEKLY ATTENDANCE RATE. THERE HAVE BEEN

THIRTY-TWO (32) GRADUATES REPRESENTING 10.5% OF THE TOTAL ENROLLMENT. OF THE THIRTY-TWO (32) GRADUATES, NINE (9) ARE IN COLLEGE, ONE (1) IS IN VOCATIONAL TRAINING, ONE (1) IS JOB SEEKING, AND TWENTY-ONE (21) ARE EMPLOYED.

SUBJECTIVE MEASURES OF CIP SUCCESS ARE NUMEROUS. THE RESPECT SHOWN FOR FELLOW INTERNS AS DEMONSTRATED IN THE INTERNS STUDENT COUNCIL PROCEEDINGS, IN THE ENTHUSIASM IN WHICH THE CIP SCRIPT; THE STUDENT NEWSPAPER IS RECEIVED, IN THE SUPPORT THAT THE BASKETBALL TEAM RECEIVES, IN THE APPLAUSE RECEIVED BY THE CHOIR, OR IN THE ATTENDANCE TO THE MANY OTHER CIP ACTIVITIES ARE INDICATIVE OF THE INTERNS GROWING SELF WORTH.

INTERNS WILLINGNESS TO PARTICIPATE IN AND CONTRIBUTE TO COMMUNITY PROJECTS AND FORUMS AS EVIDENCED BY THEIR PARTICIPATION IN CITY WIDE RECRUITMENT, PARTICIPATION IN CAREER AND COLLEGE DAY, PARTICIPATION IN TEEN FORUM; A LOCAL RADIO STATION program, AND PARTICIPATION IN ASSISTING NEEDY FAMILIES ARE DEMONSTRATIONS OF THEIR GROWING SENSE OF RESPONSIBILITY AND DIGNITY.

THE VARIETY OF HANDS-ON EXPERIENCE SELECTED AND SUCCESSFULLY COMPLETED BY THE INTERNS GIVES TESTIMONY TO THE SUCCESS OF CIP. THE WIDE SPECTRUM OF CAREERS SELECTED GIVES TESTIMONY TO THE EFFECTIVENESS OF THE CAREER COUNSELING SEMINAR, THE FUSED ACADEMICS AND THE INDIVIDUAL AND GROUP COUNSELING COMPONENTS OF THE PROGRAM. INTERNS HAVE HAD TRAINING AS DIVERSE IN EXPERIENCE AS IN AN ARCHITECTURAL FIRM TO TAILORING AND TELECOMMUNICATIONS.

WE COULD GO ON AND ON RELATING ANECDOTES THAT GIVE EVIDENCE OF INTERNS STRIVING TO REACH THEIR POTENTIAL AND HOW THE ENVIRON-

MENT OF CIP AND THE CIP STAFF IMBUED WITH THE OIC PHILOSOPHY "OF HELPING OTHERS TO HELP THEMSELVES" HAS ASSISTED THESE YOUNG PEOPLE TO A DECISION OF MAXIMIZING THEIR POTENTIAL.

THE GROWING RESPECT OF INTERNS FOR THEMSELVES, THEIR PEERS, THEIR PROPERTY, AND THEIR AUTHORITY FIGURES AS WELL AS THE SELECTION OF SUCH A BROAD SPECTRUM OF VOCATIONS BY THE INTERN SEEMS TO SPEAK OF HOPE FOR THE FUTURE, OF FAITH IN A GOVERNMENT THAT WILL PROVIDE THE EDUCATIONAL OPPORTUNITIES THAT WILL ALLOW THEM TO CONTINUE TO PREPARE THEMSELVES, OF AN EXPECTATION THAT THE ECONOMY WILL BE OF A NATURE THAT WILL SUPPORT THE JOBS THAT THEY HAVE PREPARED FOR AND TRAINED FOR, AND OF A BELIEF THAT A SOCIETY WILL PREVAIL THAT WILL ALLOW THEM TO SEEK AND ACHIEVE UPWARD MOBILITY, SATISFACTORY INCOMES, WORK SATISFACTION, QUALITY OF LIFE, AND PERSONAL DEVELOPMENT.

M~~Y~~R CHAIRMAN THANKS YOU FOR THE OPPORTUNITY TO PRESENT THIS TESTIMONY TO THE COMMITTEE.

RELATIONSHIP OF THE CAREER INTERN PROGRAM
TO
THE DETROIT PUBLIC SCHOOLS

Dr. Arthur Jefferson
General Superintendent
Detroit Public Schools

March 11, 1980

I, ARTHUR JEFFERSON, GENERAL SUPERINTENDENT OF THE DETROIT PUBLIC SCHOOLS, AM PLEASED TO PRESENT TESTIMONY IN SUPPORT OF THE CAREER INTERN PROGRAM CURRENTLY BEING CONDUCTED BY THE GREATER OPPORTUNITIES INDUSTRIALIZATION CENTER OF METROPOLITAN DETROIT.

SINCE 1978, WHEN CAREER INTERN PROGRAM WAS ESTABLISHED IN OUR CITY, THE DETROIT SCHOOL SYSTEM HAS COOPERATED WITH GOIC PROGRAM STAFF IN PROVIDING MEANINGFUL ALTERNATIVE EDUCATION OPPORTUNITIES FOR YOUTHS WHO HAVE DROPPED OUT OF PUBLIC OR PAROCHIAL SCHOOLS PRIOR TO HIGH SCHOOL GRADUATION. IN PARTICULAR, STAFF FROM THE REGION EIGHT OFFICE OF THE DETROIT PUBLIC SCHOOLS HAVE WORKED CLOSELY WITH THE CAREER INTERN PROGRAM SINCE ITS INCEPTION. I BELIEVE THAT WE HAVE ESTABLISHED AND MAINTAINED WELL DEFINED PROGRAM LINKAGES WITH GOIC.

INDIVIDUALIZED INSTRUCTION, SMALL STUDENT-COUNSELOR RATIO AND EXTENSIVE CAREER DEVELOPMENT ACTIVITIES ARE FEATURES THAT MAKE THE CAREER INTERN PROGRAM PARTICULARLY ATTRACTIVE. PARTICIPANTS WHO SUCCESSFULLY COMPLETE THIS PROGRAM AND PASS THE DETROIT HIGH SCHOOL PROFICIENCY TEST ARE AWARDED REGULAR DETROIT PUBLIC SCHOOLS HIGH SCHOOL DIPLOMAS. AT THE CONCLUSION OF THE FIRST YEAR OF OPERATION, 35 YOUTHS HAVE BEEN SUCCESSFUL PROGRAM PARTICIPANTS AND HAVE RECEIVED HIGH SCHOOL DIPLOMAS.

I SUPPORT THE CONCEPT THAT ALTERNATIVE EDUCATION OPPORTUNITIES FOR HIGH SCHOOL COMPLETION MUST BE MADE AVAILABLE FOR YOUTHS

WHO ARE UNABLE TO BENEFIT FROM CONVENTIONAL SCHOOL PROGRAMS. MOREOVER, I STRONGLY BELIEVE THAT IT IS INCUMBENT UPON A PUBLIC SCHOOL SYSTEM TO CONTINUALLY REVIEW, UPDATE, AND IMPROVE CURRICULUM OFFERINGS SO THAT THE NECESSITY FOR YOUTHS TO TURN TO OUT-OF-SCHOOL PROGRAMS FOR HIGH SCHOOL COMPLETION WILL BE MINIMIZED. HOWEVER, IT IS SOMETIMES NECESSARY TO PROVIDE OUT-OF-SCHOOL LEARNING OPPORTUNITIES FOR THESE TROUBLED YOUTH. I BELIEVE THAT SUCH OUT-OF-SCHOOL LEARNING OPPORTUNITIES ARE BEST PROVIDED IN PARTNERSHIP WITH PUBLIC AND PAROCHIAL SCHOOLS. THE GOIC CAREER INTERN PROGRAM IS AN EXCELLENT EXAMPLE OF A RESPONSIBLE, VITAL PARTNERSHIP LINKING A COMMUNITY-BASED ORGANIZATION WITH A PUBLIC SCHOOL SYSTEM IN THE SERVICE OF TROUBLED YOUTH.

SINCE COMMUNITY PARTICIPATION AND ASSISTANCE ARE ESSENTIAL TO CURRICULUM IMPROVEMENT, I STRONGLY SUPPORT THE CONTINUED OPERATION OF THE CAREER INTERN PROGRAM, NOT ONLY AS AN ALTERNATIVE EDUCATION OPPORTUNITY BUT ALSO AS A VEHICLE FOR IMPROVING REGULAR SCHOOL PROGRAMS.

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1o March 80

Senator Gaylord Nelson, Chairman
Sub-Committee - Unemployment, Poverty and Migratory Labor
United States Senate
Washington, D. C.

Dear Senator Nelson:

Just a few days ago, I learned about the hearings scheduled by your sub-committee on 13 March 1980, through telephone conversations with staff personnel of Senator Cranston's and Congressman Matsui's offices.

The subject under discussion is of extreme interest to us. Therefore, I immediately got in touch with Paul Vermette, our legislative representative, and asked him to find out, without delay, if we could present testimony at such hearing regarding our proposed CCC II, copies of which were sent to all members of the Congress on 25 January 80.

Mr. Robert Knight of your sub-committee staff, advised Paul that we were too late to present our case in person. He did suggest, however, that we prepare a statement and send it by cover letter requesting that it be included in the minutes of the meeting. This statement would then become part of the report which will be published shortly after the sub-committee completes its deliberations.

I am sorry the relationship of our 25 January letter to the work of your sub-committee, was not more evident. However, much as we regret being unable to offer verbal testimony and answer any questions developing from our statements, we are still very happy to submit, as follows, the statement I would have read to the committee - for inclusion in the committee proceedings. We assume you and the committee will accord it the same review and consideration it would probably have received as a verbal presentation. We will appreciate receiving a copy of the sub-committee proceedings and/or report, upon completion.

* *

STATEMENT

MR CHAIRMAN AND MEMBERS OF THE SUB-COMMITTEE

My name is Bob Griffiths. I am the Executive Director of the National Association of Civilian Conservation Corps Alumni (NACCCA). Our membership is made up of veterans of the first and original Civilian Conservation Corps (CCC), which was in existence from 1933 to 1942. To the best of our knowledge, there was no legislation which officially abolished the first CCC.

Members and chapters of this association, formed almost three years ago, are located in all fifty states.

Our purpose, in addition to preserving the history and accomplishments of CCC I, is to do something tangible to help solve today's problems.

We are very much concerned with the growing problem related to conservation of the nation's natural resources. We are also concerned about those problems related to our rapidly growing Senior American population.

Even more urgent, is our concern over young Americans who are just beginning their journey into a future already shadowed by the clouds of economic uncertainty and impending shortages and depletion of the energy sources that keep this nation prosperous, productive and a world power.

We recognize, in the unfortunate stratification of our society, that youth may have its day, but not always its say, and does not necessarily enjoy equal status or equal opportunity. Economically, many are about in the same position we NACCCA members were in 1933. Another revitalized CCC could be the answer and should be given most serious consideration by our government.

Our association, therefore, most urgently recommends to the President and the Congress that a permanent National Civilian Conservation Corps be established with the least possible delay. We further recommend that the current budgetary item of one billion dollars, earmarked for relief of youth unemployment, be used for establishment and initial operation of CCC II. It should be specially noted that CCC II will more than re-pay its costs in many forms and in many ways.

CCC I was one of the most successful programs of the critical depression period of the thirties. Many of the projects carried out, are still very much in evidence today. As an aside, some of the young people of today's California Conservation Corps, are working in project areas created by the original CCC over forty years ago.

The sum of one billion dollars will cover the operation of CCC II for approximately one year, with an estimated enrollee strength of 70,000, plus appropriate supervisory and overhead personnel. We are recommending a permanent CCC II and would, therefore, hope and expect that the first year experience will lead to an expanded future operation.

Our members, with their age, experience and wisdom - working in harmony with a large, modern day CCC - can be a vital and leading force in our nation's conservation and energy efforts. We can be of great value in the establishment and organization of CCC II and contribute immeasurably to its operation and development.

We do not wish CCC II to be competitive with other existing government organizations, feeling that merger with such existing organizations as YACC and YCC can be accomplished with very little difficulty.

It is, however, our thinking that CCC II must be devoted entirely to conservation of the nation's natural resources. There are, of course, serious national urban problems which deserve the urgent attention of the federal government and we certainly have no quarrel with youth unemployment programs aimed in that direction. We do feel, though, that CCC II should be organizationally separated from youth urban programs.

Most certainly, CCC II must never be considered as a "national handout" or "relief" organization. Enrollment should not be confined to youth unemployment and welfare rolls. The corps must not be considered as a "dumping grounds" and we do suggest careful screening, wherever possible, for obvious misfits and malcontents. Enrollment should be open to all within age brackets, who want to work and serve their country. The unemployment problem will still be served as a currently employed youth, upon joining CCC II, would create a job vacancy for another unemployed youth. We suggest that enrollees be single and in the age bracket of approximately 17 to 23. NACCCA also recognizes that youth unemployment is not limited to the male youth population and, of course, envisions female as well as male CCC II enrollees. However, you will probably find that most of our mature members, being, admittedly, in the "square" category; would probably favor separate rather than co-ed camps if for no other reason than the attainment of the fullest possible productivity

A single CCC II civilian director, reporting to a single government agency - with highest possible organization status - is recommended, recognizing, of course, the necessity for close coordination with and support from other government agencies.

We can envision the Departments of Labor and HEW as the logical agencies to recruit CCC II enrollees. The Office of Personnel Management would probably become involved in the recruitment and placement of civilian supervisory and overhead personnel.

Such government agencies as Interior, Agriculture, Park Service and Forest Service would probably be the source of CCC II work projects and programs. In addition, we would hope to see the new Department of Education become involved in a realistic and meaningful CCC II enrollee general education and vocational training program.

As in the days of CCC I, we believe our Department of Defense, is in the best possible position and the most qualified - logistically speaking and otherwise - to administer CCC II. We believe DOD can again establish a quasi-military environment without being overly militaristic and administer discipline and direction in a strict but benign fashion.

We would be strongly opposed to any military training at CCC II camps. At the same time, once again recalling the thirties, we recognize that the reserve and/or national guard officer personnel would receive excellent on-the-job training assuming that DOD chose to follow the successful CCC I pattern. Furthermore, enrollees - in a quasi-military environment - would, like us, learn about reasonable discipline, how to live and work with others - and this will help condition them for all kinds of personal adjustments in the future. This, in itself, would be a big plus for the country.

The work of the CCC II enrollees should be performed under the supervision of seasoned and well trained forestry and park personnel as well as others intimately acquainted with and trained in the types of work projects to be carried out.

Because of the nature of a CCC II mission, most camps would probably have to be residential in nature. Surprisingly, there are still - more than forty years later - some original CCC buildings and land still in being. The GSA also has listed many surplus buildings and installations (particularly military) which would serve as excellent sites for CCC II camps. The enrollees can do their own upgrading of these facilities. Where necessary, the enrollees can construct their own camps as we did in CCC I.

It would be our suggestion that, wherever possible, enrollees be assigned to camps within the state where they reside, thus minimizing transportation and other related costs.

WHY A CCC II ?

The high percentage of unemployment among our teen-agers and young adults in their early 20's, especially minorities, is a most disturbing and serious national problem.

An unemployed youngster often loses faith in self and country and frequently winds up without purpose or direction. We have only to look back to the thirties to understand this.

In these times, many turn to drugs to relieve anxiety, insecurity and inability to cope. Many turn to crime to buy the drugs and the material things they think they cannot do without.

There are those who feel CCC II might have a difficult "row to hoe" - "times today are much different from the thirties, the kids are spoiled, they aren't hungry enough, desparate enough, dedicated enough, willing enough to give unselfishly to society, want something for nothing, etc."

Admittedly, this could well apply to some young people and we do not want to appear to be looking at CCC II through "rose colored glasses".

We are convinced, however, that there are more than enough young Americans still willing to give "a piece of their life" to their country which has given them so much.

That is why we are confident that CCC II can and will be a huge success - that it will help lead our young people back to the "real" values of life and what it means to be an American - that it will do great things for our nation and all its people.

The energy crisis and its fellow conspirator, inflation, are destroying our nation. CCC II can help solve the energy crisis by extracting millions of barrels of alcohol fuel from forest waste and providing fuel wood to be burned in new fuel efficient stoves and furnaces - while, at the same time, clearing the debris from our forests and providing a means for CCC II to help "pay its own way".

Strong sentiment is developing for a national (non-military) service Act. CCC II would certainly tie in with such an act, if and when instituted. CCC I - although not intentionally planned that way - did contribute much to individual military preparedness in WW II. CCC II would probably do the same. WE HASTEN TO POINT OUT, HOWEVER, THAT CCC II MUST NOT BE CONSIDERED - IN ANY MANNER - AS A MILITARY TRAINING GROUND, PER SE.

If war ever comes again - God forbid - it must be the concern of every single American - not just some.

The resources of our nation are being drained to a dangerous point. We need look no further than the current energy crisis for evidence. Our public use lands and facilities are starting to deteriorate badly. CCC II can be a vital force in solving both these problems.

WHAT WOULD CCC II DO ?

Basically, it would perform most, if not all, of the tasks and projects carried out by CCC I, i.e. plant billions of trees, reclaim millions of acres of land from soil erosision, prevent and fight forest fires, build fire trails and fire towers, prevent and help fight floods, control plant pests and disease, build bridges and dams, create new or improve existing national and state parks and other public use areas plus other related projects. In addition, CCC II can be a viable and very flexible force for immediate assignment in national emergencies caused by natural disasters throughout the country. Furthermore, CCC II can now be a strong factor in solving the energy crisis by clearing the forest waste for conversion to alcohol and wood fuel.

You will find, we believe, a long standing and growing support for CCC II among the nation's wildlife and conservation associations as well as among the personnel who man our federal and state parks and forest systems.

We men (and women) of the NACCCA are as strong a patriotic group as you will find anywhere in America. A few of us can recall World War I service. A high percentage served in WW II and were better prepared to adopt to military service because of CCC I service. Many gave their lives. You will find that the vast majority favor a strong military posture.

However, frankly speaking, it should be observed that whenever international tension develops - which lately seems to be about every other day - a sort of "military hysteria" develops. This is usually followed by a tendency to overly divert our national attention and resources from urgent non-military problems such as youth unemployment, conservation, energy crisis, national health, crime control, care of the aged, etc.

I suspect that many, like myself - and I spent all of my adult life with the military system before retirement - believe it is quite possible that our military department can also "tighten its belt", along with everyone else, without detracting from a strong military preparedness posture.

We should not overlook the comparison that the cost of just a few bombers, battleships and missiles can help a lot of unemployed kids, preserve our country's natural resources and help solve the critical energy crisis.

We can maintain a strong military position and still fight the homefront battles if our national priorities are properly defined and distributed.

In conclusion, may I state that NACCCA currently has a task force preparing detailed suggested plans for CCC II covering organization and operational concepts and proposed projects. It will be our pleasure to present these detailed plans to the President and Congress just as soon as they are completed.

END

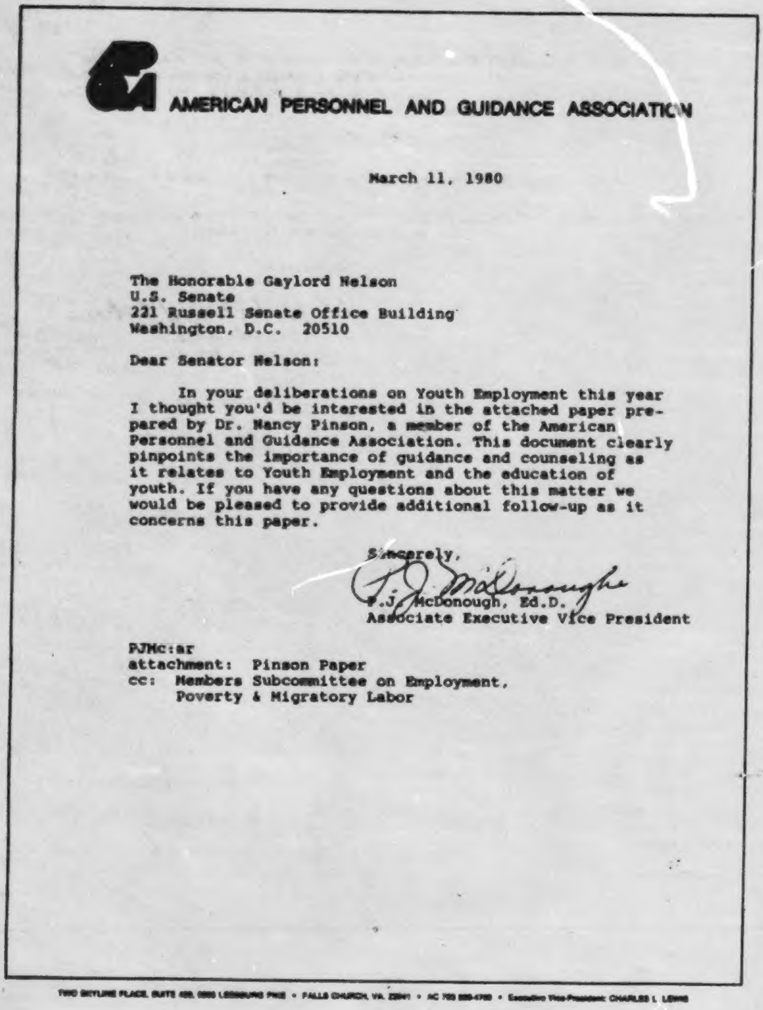
* *

I am taking the liberty of enclosing information about our association for you and your committee members in the event you would like to have more details.

Sincerely,

Robert L. Griffiths
ROBERT L. GRIFFITHS
Executive Director

Encl.



AMERICAN PERSONNEL AND GUIDANCE ASSOCIATION

March 11, 1980

The Honorable Gaylord Nelson
U.S. Senate
221 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Nelson:

In your deliberations on Youth Employment this year I thought you'd be interested in the attached paper prepared by Dr. Nancy Pinson, a member of the American Personnel and Guidance Association. This document clearly pinpoints the importance of guidance and counseling as it relates to Youth Employment and the education of youth. If you have any questions about this matter we would be pleased to provide additional follow-up as it concerns this paper.

Sincerely,

P. J. McDonough

P.J. McDonough, Ed.D.
Associate Executive Vice President

PJMc:ar
attachment: Pinson Paper
cc: Members Subcommittee on Employment,
Poverty & Migratory Labor

TWO SKYLINE PLACE, SUITE [illegible], [illegible] LEESBURG PIKE • FALLS CHURCH, VA. [illegible] • AC 703 [illegible] • Executive Vice President: CHARLES L. LEWIS

The Contribution of Guidance and Counseling
to the
Employability of Youth

Prepared by
Nancy M. Pinson, Trustee
The National Vocational Guidance
Association; A Division of the
American Personnel and Guidance
Association
February, 1980

INTRODUCTION

The Carter Administration's recognition of the national crisis in youth unemployment, particularly its incidence among disadvantaged minority youth, has provoked the Executive Branch to question the limited value of amending existing social program legislation. What is now being proposed by the White House is a free-standing bill which will attack this problem through two major and concurrent initiatives. The Department of Education will address the in-school youth who, without appropriate intervention, threaten to become part of that unemployment statistic; the Labor Department will increase the quality and scope of its efforts with youth who are out of school. Program distinctions and turfs within each agency will be pointedly blurred, it not sacrificed, to the end of reaching these youngsters with large concentrations of direct services. Should this long-range mission succeed, 3 million adolescents will be spared the social outcast role now experienced by the recipients of massive welfare and rehabilitation efforts: programs which seldom recover their costs in terms of capacitating autonomous, purposeful, and productive members of society.

Education's Role

For the first time in recorded legislative history, the educational establishment, in its entirety, has been assigned a major leadership function in this effort. Its contribution is seen as a dramatic departure from a tradition of largely covert or fractional investments in a cause considered by a majority of educators as outside their realm of influence. These involvements: among them Career Education and Vocational Education, - appear to have been most effective with those youth who are relatively free of the disadvantagement of hard core poverty; of incipient or disabling educational, emotional, or physical handicaps; youth who are - in fact - sufficiently motivated to attend school and to select from these alternative educational approaches those which were most attractive to them.

Clearly, the Executive's intent in this instance is to shift Education's enormous resources and energies to searching out those youth for which these and similar programs cannot be sufficient in/and of themselves. Its broader challenge is twofold: to halt the growing baggage of impoverishment associated with untreated academic skill deficiencies, and to transmit a construct of employability which places as much emphasis upon personal and social skills as it does upon the acquisition of generic or specific job competencies. To these ends, one particular resource - expert, available, and cost-effective, - is being proposed as essential to this effort. The task of this paper will be to underscore the central importance of guidance and counseling to the resolution of this national problem.

Part One: The Evidence

In a recent study undertaken by the National Institute of Education a group of scholars made up of legislators, forensic scientists, educators, sociologists, philosophers, and counselors grappled with the task of identifying and proposing resolutions for the most pressing social, educational, and occupational concerns of the eighties. Among the issues they addressed were minority youth unemployment, the aging of America, the restructure of the secondary school, the growing demand for lifelong educational and career access, the needs of special populations -including females, the handicapped, the poor, and the foreign-born; each couched in terms of a future in which scarce resources will mandate the test of cost-benefit to their proposed solutions.

An unmistakable pattern in their recommendations was the affirmation of a strong guidance and counseling presence wherever and whenever youth and adults are to be educated, trained, or rehabilitated. It is particularly appropriate here to highlight the evidence persuading them of this presence as a contributing factor to youth employability and to supplement these data with documentation obtained from other sources.

In his comprehensive study on the cost-benefit of guidance and counseling, Herr (1980) notes that it is equally important to determine the implied as well as specific economic effectiveness of guidance programs. Such measures need to include monetary as well as non-monetary benefits. The following elements are those he describes as representative of such benefits:

Private benefits -- Those received by individuals in the form of improvement in scholastic achievement, less dependency on drug use, increase in labor market activity.

External benefits -- Those benefits incurred by a third party (family, employee, school) which derive from the changed behavior of the individual. For example, if a school counselor were successful in preventing 10 students per year from dropping out of school, the school would continue to receive the State reimbursement associated with some weighted form of Average Daily Membership. And, if the State Aid Ratio is $910 per student per year, retention of these 10 students would represent an economic benefit of $9,100 minus the estimate of costs to achieve such a result.

Social benefits -- Those benefits which go beyond private or external benefits but accrue in broader terms to society as a whole are social benefits. Examples might include reductions in psychological injuries or general social anxiety or inconvenience to other persons from specific individual behavior.

While many of the benefits of guidance and counseling can be measured in monetary forms, many others cannot. Changes in personal satisfaction, feelings of competence, or improvements in inter-family functioning are difficult to monetize even though they are clearly outcomes which derive from the application of guidance and counseling.

As compared with traditional forms of process or outcome evaluation, these can be considered impact evaluation indices. Such indices might include changes in:

Future welfare payments
Work loss, absenteeism, or unemployability
Drug use
Incarceration
Socially undesirable behavior

School attendance
Scholastic Performance
Mental illness
Medical treatment
Earnings Differential

Impact evaluation of the primary prevention aspects of guidance and counseling includes the costs which might otherwise arise from treating or curing the dysfunction and the negative effects which accompany it (McDonnell, Swisher, Hu, 1979). The estimation of such benefits is often more difficult than is the estimation of costs. Such programs cannot be dealt with in the limited terms that are true of a pure experiment with finite samples and controlled conditions. Nevertheless, if the potential of guidance and counseling is to be fully accepted and understood by policy makers and by practitioners, such analyses must be put forward.

Sussna (1977) has examined the question of measuring the benefits of a community mental health center. He begins from the "national view" of the costs and losses resulting from mental illness. His estimates for the year 1976 are as follows:

Losses of Productive Activity:

Reduced output by the labor force	$28.60 billion
Loss of homemaking services of women	1.94 "
Reduction in unpaid activities (volunteer work, recreation, etc.)	.48 "
	$31.02 billion

Susena contends that the $31 billion figure cited is a conservative estimate of the production lost and, therefore, the potential social benefits of improved mental health. This is true because he believes that the values of homemaking services and not-for-pay services are understated. It can also be argued that many of the important outputs of community mental health centers, like other guidance and counseling settings, are preventive of the future losses we associate with the unemployed, the underemployed, or the malemployed young adult — whether disadvantaged by race, sex, handicap, or educational deficiency.

It is important to point out that Susena's estimates of the far lower costs of treatment and prevention (7.86 billion) can be even more dramatically cut in the school or educational construct (to less than .5 billion) because neither inpatient care nor outpatient facilities would be involved.

Results of Guidance; Some Illustrations of Need and Consequence

— In combatting alienation:

1 — In a Baltimore project providing counseling and support services, non delinquent youth were matched by age and background to pre-delinquent and potentially delinquent children. It was found that in comparison to a control group, those exposed to this program had a lower rate of recidivism for truancy, runaway, and ungovernability (Mayor's Office of Manpower Resources, 1974).

2 — A program of short-term behavioral intervention with families of delinquent males and females was found to significantly increase family interaction and reduce recidivism (Alexander & Parsons, 1973).

3 — A counseling program specifically combined with supportive instruction has been found to be successful in motivating truant, low income boys back to regular attendance in school (Grala & McCauley, 1976).

4 — Male (N = 321) and female (N = 23) offenders enrolled in adult basic education, general educational development and vocational courses in eight Pennsylvania correctional institutions concluded that a lack of sufficient counseling services was a problem. They ranked career counseling as number one among seven needed services (Lewis & Boyle, 1976).

— In building self-esteem:

1 — Adolescent Black males who have been assisted to decide upon vocational objectives have been found to have more positive self concepts than do those who have not (Jones, Tailt, Washington & Silcott, 1975).

2 — In one Chicago school district, a counseling program was designed to improve the self-esteem of students in hopes that it would reduce the number of school dropouts which previously had been shown to average 9.2 percent in the secondary school. It was found that as a result of the individual and group counseling in the program there was a significant reduction in the dropout rate. Because of the success of the secondary school program, a similar but modified counseling approach was instituted in the elementary schools. Among the results were a mean improvement in excess of 10 days per semester in attendance which represented a minimum increase of 4,350 instructional hours for the students involved; 77.4 percent of the pupils improved on a measure of pupil conduct and social adjustment; there was a significant increase in general achievement and in reading among the students involved in the program (Bennett, 1975).

3 — Inner city male youth served as indigenous role models to youngsters in a Philadelphia Day Care Center. Positive changes in attitude and behavior were observed in the male role models by their mentors and teachers. Both these youth and the younger children agreed on the need for increased counseling in the program (Pittman, A. and McWhorter, S. 1974).

— In improving academic achievement:

1 — In Philadelphia, a counseling service project has been established to provide remedial and preventive services as needed by ESEA Title I eligible children in participating schools. Counselor teams work closely with teachers, principals, and parents in providing psychodiagnostic and counseling services.

They share mental health principles and practices (e.g., classroom management, child development) with teachers and parents to enhance the positive development of the children. Counselors also provide crisis intervention services as needed. Results have been as follows: teachers rated the services as "good" or "excellent;" of 378 parents who responded to a questionnaire, 90% said that the counselors helped their children; 81% of the 54 pupils who completed an individualized learning therapy program gained at least one instructional level (Philadelphia School District, 1976).

2 — New York City schools have also reported similar findings to Philadelphia in their institution of the Auxiliary Services Program. In this program, counseling, remedial math, and remedial reading, as well as high school equivalency study were combined to focus on the academic achievement of Title I students who were two or more years below grade level. Students participating in these remedial programs showed statistically significant growth in achievement (Bertoldi, A. R., 1975).

3 — Adolescent mothers receiving 12 months of concentrated counseling in parenting skills agreed to complete a high school or vocational program in a quid pro quo arrangement. Of this group, 65% fulfilled their contracts, with 59% of these females electing to continue their education in a college setting (Lewis, 1975).

4 — A review of educational research conducted by a large state school system showed that when career guidance and counseling services were provided in the nine districts studied to a target group of disadvantaged youth identified in each location, 73% of these youth completed their education. Their employers imported their entry job skills as marketable, but gave higher marks to their academic standing and their personal confidence (San Mateo Educational Resources Center, 1979).

— In Organized Guidance Programs for In-School and Out-Of-School Youth:

1 — In one study a group counseling intervention was combined with teaching materials designed to aid students in improving their career maturity and decision making skills. High school students, both academic and non-academic in orientation, were involved over a ten week period. As a result of the program, student reported outcomes were that they now knew more about occupational choices (62%); could go about getting information (73%); could recognize their values and use them in making decisions (76%); consider and rank alternatives according to the ones that are best for them (68%); could make career decisions (82%); and, that they could see that their first and second occupational choices made before the program may not be the best for them (Egner & Jackson, 1978).

2 — Female students exposed to a systematic career guidance class dealing with such topics as values clarification, decision-making, job satisfaction, sources of occupational

information, workpower projections and career planning are found to have greater gains on self knowledge and the relation of self knowledge to occupations, and to engage in a greater number of career planning activities than do students exposed only to individual counseling or to no treatment (Knosh & Grimm, 1976).

3 — Teenage Women in Nontraditional Employment (TWINE) is operated by the Economic Opportunity Board of Clark County, Nevada. TWINE's goal is to familiarize low-income teenaged mothers with the skills and tools needed in construction trades and home weatherization, prepare them for apprenticeship tests and place them in jobs. So far, the young women have completed four home rehabilitation and weatherization projects. Part-way through the project there had been 200 apprenticeship placements, two referrals to other programs and two "non-positive" terminations. The most serious problem has been a lack of in-depth counseling to overcome the doubts many young women have about their abilities to handle construction jobs. Also, program officials note, many women lose interest in construction jobs when they get first-hand experience of the actual working conditions. (Sheppard, 1979).

4 — All youth programs established in Orange County, CA reported the need for more counseling, both personal and career. Most barriers to learning and adjustment were found to be non-job skill related. "We need helping adults with the sensitivity and understanding to counsel an alcoholic youngster, a kid who has been busted, or kicked out. These counseling skills are as much in demand as are skills which teach the proper method to hold a hammer, strip a wire, or lay a carpet." (Orange County Manpower Commission, Nov. 1, 1978).

5 — Computer-based career guidance systems using experimental and control groups of students have shown that targeted youth make larger gains in planfulness, knowledge of career resources, and the costs and risks associated with these options (Myers, R., Lindeman, R., and Thompson, A., 1975).

-- In Transition to Work; Search and Placement

1 — The technology of job search counseling techniques was followed up with over 3,000 clients in nine major American cities. A consistent finding in the 6 cities where clients were matched with controls was that two-thirds of the clients instructed were able to find work as opposed to one-third (or less) of the controls. Virtually all of the successful counselees obtained jobs in less than 4 weeks while controls took 53 or more days to find work (Wegmann, 1979).

2 — Mason (1974) has reported a number of studies done in various state offices of the Employment Service focused upon the question; Does counseling help people get jobs? In one study, 10,000 applicants were studied who had received an average of two

counseling interviews each during 1972-73 in one of four states: Iowa, Missouri, Utah, or Wisconsin. The study showed that in Missouri and Iowa, the placement rate for counseled applicants was twice that for all applicants serviced. In Missouri, 40 percent of those receiving counseling were placed in jobs compared with only 20 percent of all applicants. The comparable figures in Iowa were 53 percent and 27 percent. In Utah 41 percent of counselor assisted individuals were placed compared with 24 percent for all applicants.

In Wisconsin, the records of a random sample of recent applicants who had received counseling were compared with an equal sample of those who had not. Thirty percent of those counseled were placed compared with 16 percent of those who had not been counseled. It might be noted here as well that the outcomes of this study are particularly important because they refer to counseled applicants who were more difficult to place than those not counseled. In Wisconsin, for example, 64 percent of the counseled applicants had two or more employment barriers (such as being poor, disadvantaged, handicapped, school dropout) as compared with only 28 percent of the group not counseled.

Among disadvantaged applicants in Wisconsin, 38 percent of those who had received counseling were placed in jobs whereas none of the "not counseled" was placed. For the handicapped, the story was even more dramatic with 69 percent of those counseled being placed compared with none who received no counseling.

3 — One program in Missouri which devoted forty weeks of intensive training to changing self defeating attitudes into self confidence as well as having the participants rehearse simulated job interviews resulted in 84.9% of the participants obtaining employment. Another related program concentrated on teaching unemployed persons (many of whom had been unemployed for 3 to 10 years) self-placement techniques which could facilitate their search for employment. Clients increased skills in writing application letters, preparing resumes, participating in simulated interviews, and assessing past experience. Employment was obtained by 80% of the participants (Aiken, et. al, 1976; Lazarus, 1966).

4 — Philbrick (1975) surveyed the records of the Utah State Bureau of Employment Security for the year 1973-74. He found that those clients receiving counseling services were 57.4% more able to find placement than those who did not receive such service. It was also discovered that employability increased with the number of interviews conducted with the client.

5 — Kunce, Miller, and Cope (1974) studied data from across the United States on the effects of counseling on rehabilitation clients. The results of their research indicated that both long term and short term counseling contact has advantages in rehabilitation but in differing directions. Long term interventions tend to correlate with higher salaries among

rehabilitants, while short term contacts tend to lead to more placements among those considered rehabilitated. In addition it was found that "the percentage of monies allocated for counseling and training tend to favorable influence final salary."

6 — The U. S. Department of Labor's Manpower Administration (1974) reported on the findings of the Texas Counseling Research Project. This project, which studied the outcomes for 668 persons referred to counselors, indicated that approximately twice the number of the counseled persons were placed as compared to a non-counseled central group.

7 — Frisby (1979) reports that within the Balance of State of Maryland (nine counties on the Eastern Shore and three Southern Maryland counties) a total of 373 economically disadvantaged in-school juniors and seniors are receiving employability development training and work experience. The success of these programs has been attributed to the comprehensive guidance services that have supported the "hands-on" work experience. The emphasis on self-concept development, work and personal values, and on job seeking, finding, and keeping skills has resulted in an overall 75% placement rate for these "employable" youth. Frisby credits this placement rate to the identification and subsequent reduction of six barriers to employment: poor work habits, lack of occupational information, poor self-concept, unrealistic aspiration levels, lack of adequate role models, and limited exposure to assessment materials normed on similar groups.

Note: The writer wishes to acknowledge that many of these illustrations of counseling's effectiveness were drawn from a book chapter, in press, by Edwin L. Herr: The Demonstrated Effects of Guidance and Counseling.

Part Two: Elements of a Comprehensive Career Guidance System

A. The Ideal . . . for Many Students

Most career development theorists agree that systems evolve from a combination of identified needs, available resources, and the management skills of those who operate them. (Less often discussed is the power of those managers to restore depleted resources, to shift or modify system components, and to continually evaluate those systems as to their utility to their intended beneficiaries.)

While the model attached (Burtnett, et al, 1980) assumes the necessary resources, staff skills, and community involvement as a given — it is a useful illustration of the expectations held of the counselor in terms of full services to an entire youth population. There are no explicit goal statements for the disadvantaged youth, for example, nor are certain skills of employability as defined by the proposed legislation, the National Assessment of Education Progress (1979), and Hoyt (1979) -- among others —identified as counseling objectives. That is, the transmittal or support of basic academic skills, good work habits, job seeking/finding/and keeping skills, skills in overcoming bias and stereotyping, skills in relating the work place to one's abilities and preferred life styles may only be assumed as a function of this and other traditional guidance models.

CORE KNOWLEDGES / SKILLS COMPONENT	LEADERSHIP COMPONENT	MANAGEMENT COMPONENT	DIRECT SERVICES COMPONENT	INDIRECT SERVICES COMPONENT
Understand program management concepts Understand concepts of career education, guidance and career development Understand staff development and inservice education techniques and procedures Understand community and labor market composition and trends Understand concepts of collaboration in the delivery of education programs	Involve educational staff and community resource persons in planning and designing activities Institute communication networks among appropriate populations	Assess student career development needs Apply program management concepts Assess the effectiveness of the existing career guidance program Establish program goals and objectives Design specific career guidance services and activities Coordinate career guidance program with career education and total educational thrust of the institution Prepare budgets Develop calendars and time lines depicting sequence of program activities	Plan and design activities and services to facilitate career development needs of students	Participate in the design of school and non-school activities which extend the goals and objectives of the career guidance program
Understand career development theory Understand counseling theory and techniques Understand decision making theory Understand group dynamics Understand needs of specific groups in institutions and the community (women, handicapped, ethnic minorities, etc.) Understand the role and function of business in education and counseling Understand curriculum design and [illegible] Understand measurement and appraisal techniques	Coordinate school and community resources Develop program support from administration, board of education, instructional staff, community and students Develop and implement a public relations system Provide input to curriculum revision	Manage the career guidance program Conduct staff development sessions	Counsel individuals and small groups Conduct student assessment (ability achievement, interest, personality, etc.) Disseminate occupational and educational information Conduct career awareness, exploration and experience programs Operate student service activities (e.g., career center, job placement program, etc.)	Consult with teachers, parents and administrators regarding students Conduct information programs for parents and community representatives Provide direct input and technical assistance to persons implementing career education activities Conduct staff development training
Understand essential, integral and [illegible] nature of evaluation Understand range and variety of data collection and analysis techniques Understand program standards and guidelines from government agencies and accrediting and professional associations Know exemplary career guidance practices, methods and techniques	Demonstrate exemplary career guidance program aspects	Conduct comprehensive evaluation of the career guidance program Monitor activities conducted by self and others Utilize broad-based input to the evaluation system (students, teachers, parents, etc.) Prepare and disseminate interpretive communications evaluation results Communicate findings to career guidance program decision makers Improve and modify the career guidance program process Identify exemplary practices, methods and techniques Conduct evaluation of the effectiveness of staff development training	Evaluate the effectiveness and value of specific career guidance activities and services	Disseminate findings from career guidance and career education programs to appropriate populations

[illegible]

B. Needed for Disadvantaged Students

Davidson (1980) has proposed a brave departure from the typical guidance program for these youth. In her model, counselors would serve as youth advisors and family counselors — turning much of the actual youth-directed counseling over to the students themselves. Some excerpts from her thinking follow:

1. Counseling and Guidance

> The nature of the counseling services proposed in what essentially will become a new version of youth employment legislation will be diverse and nontraditional. The focus will be on developing decision-making, problem-solving, and self-management skills; coping with change and engineering one's career and future. Counseling responsibilities will be delegated mainly to youth with consultation from professionals. They will focus on developing peer networks, self-help groups, advocacy roles. Guidance activities will include information collecting, analyzing and evaluating resource materials and planning dissemination strategies. Counseling and guidance services will also be provided by paraprofessionals, professionals, employers, parents, the clergy and community lay persons.

2. Parent/Community Involvement

> The development and potential success of the proposed legislation is dependent on the support and cooperation of parents and the lay community. These are critical resources which would provide the credentials, reinforcement, and linkages necessary for its accountability as well as its success. They will be an integral part of the planning, development, and

implementation of this federal initiative at the local level. Although young people will be the key actors, they will utilize consultants for the expertise needed in many areas; they will negotiate with parents, school personnel, business, and industry for education and training services; they will "broker" the services of other programs and agencies; and they will provide a resource to help present programs and services in the community.

3. Business and Industry

Business and Industry are beginning to focus very actively on forecasting and projecting future needs and services. Their vested interests in increasing profits and improving the quality of the labor supply, combined with a desire to help young people, provide a timely opportunity to use this resource. Business and industry are concerned about youth development as an investment in addition to their commitment to fairness and equality. From the labor market projections for the 1980's, selected companies from the key-growth industries: steel, metals and mining; aerospace; instruments; publishing; paper and forest products; real estate and housing; leisure time and services, would be asked to participate with the parents and community in a Futures Employment Task Force. Coordinated planning by this task force would focus on minimizing the problems presently inherent in getting young people into the labor market. The goal would be to design the kind of training and education program that prepares youth for future occupations.

Program Model

1. Youth Planning and Development

An initial local planning phase will strengthen and further develop youth skills.

Through work teams, youth will assume much of the responsibility for the proposed program. Some participants will administer and manage. Others will do research and analysis of labor-market trends, deliver some pre-determined services to others in the community and offer other support services (clerical, maintenance). A Board of Coordinators will be a chief resource with members assigned to each team to serve as arbitrators, connectors with other teams and activities, and, if necessary, serve as the final authority to resolve conflict.

Also provided will be experiences equipping youth with the skills necessary to deliver counseling and guidance services to other youth, to become aware of and capable of initiating effective community resource development and utilization, to do a community needs assessment with appropriate planning and follow-through, and to initiate dialogue with and negotiate for education and training with the school system and private industry.

At the end of the training period, which should require approximately six months, these young people should have designed and be prepared to implement a comprehensive advocacy system. They should be able to provide specific services (guidance, tutoring, job development, brokering services) to other youth, perhaps by age groups: 16-18, 12-14, and 10-12. They could provide services for other groups, parents, teachers, senior citizens, community programs and organizations. Most importantly, they will have determined what the local labor-market future needs will be and will have initiated negotiations with businesses, industry and educational institutions to develop training/education and job opportunities in their community to meet these needs.

During implementation of programs, selected adult advisors could be instrumental in helping participants to develop and implement training designed to provide appropriate internships, to expand the resource network, and serve as teachers/counselors. They would develop one-to-one relationships with the program participants, helping them to shape and refine their personal "futures" scripts. It is anticipated that corporations/businesses will view this as a development of a skilled, highly motivated future labor supply, both for new job opportunities as well as replacements for workers who need retraining.

2. Parents and Other Community Members

Parents of participants enrolled in local programs would be particularly encouraged to become involved. In addition to inviting them to attend and participate in scheduled meetings, special newsletters, seminars, and telephone chains (A calls B with a news item; B calls C and C-D) would be utilized. They would be encouraged to provide their son/daughter with detailed information about their jobs, allowing them to spend a day or two with them there, and provide the information necessary to write a biography or family anecdotal record.

Retired and elder members of the community could also be tapped for consultation. Nonunion, experienced carpenters, electricians, and engineers could be used to teach special skills. Teachers and counselors could be called on to write proposals, edit reports, design training sessions, plan seminars, etc. These could be as paid consultants or in exchange for services youth could provide to the community, particularly with senior citizens (Davidson, 1980, p. 25-28).

C. The Actual Status of a Majority of Secondary School Guidance Programs

While most high schools can claim at least one trained and certified counselor, a fairly respectable library of educational and career materials, a space or office where counseling can occur, and confidential files (if any) may be kept — rarely do these counselors enjoy:

- full or even part-time clerical or paraprofessional help
- sufficient space for group activity
- advanced systems for accessing career information
- the time necessary to work with students
- administrative support and priority
- authority to mobilize staff and community resources
- familiarity with labor-market trends and issues
- opportunities to upgrade their skills
- exposure to the sociology of occupations; the vocabulary of the work place, the employer, the labor union
- the funds needed to update their counseling tools, tests, and inventories to reflect culture-free and sex-fair advances

- sophisticated levels of ability in management, evaluation, and staff coordination, or
- sufficient understanding of and experience with those from other cultures, with different value orientations, or unique special needs.

Clearly, the discrepancy between the ideal and actual capacity of a typical guidance staff is a function of resource allocation (of time, funds, and professional development opportunities). The motivation to accomplish the apparently impossible dies hard in this group, however. Their suggestions and recommendations follow in a paraphrase of a California publication.[1]

Part Three: What the Schools Need to Assure Maximum Capacity Output from Their Guidance Staffs

A.

1. The administrative support necessary to incorporate guidance issues into the curriculum: Schedule program topics focused on student-identified concerns. Conduct independent guidance projects in the community. Offer race relations and human relations courses. Lead social studies research classes in which students compile information about the labor market.
2. The time needed to improve coordination with local community resource people: Identify career advisors, old girl/old boy networks, living witnesses; establish advisory committees, work with citizen activists, urban leagues, community agencies;

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[1] A majority of these recommendations were drawn from "Lost in the Shuffle: A Report on the Guidance System in California Secondary Schools, Santa Barbara; The Citizen's Policy Center, 1979.

identify work experience sites; help students set up their own businesses, peer counseling systems; arrange for their volunteer work with indigent and aging.

3. A policy which decreases the burden of clerical and administrative duties so as to increase counselor availability to students. Set up a system that lets students register themselves for classes, conduct assemblies to explain graduation requirements, vocational training opportunities, work study and internship options. Offer time management training to counselors and administrators. Seek clerical resource help from business and computer science classes, through colleague CETA personnel, and parent volunteers.
4. The encouragement of student involvement and input: Develop student ombudsmen, information specialists, and a more equitable student government representation. Request student help in designing guidance services, identifying community services to be performed, establishing student performance codes, and in adjudicating their violation.
5. Provide incentives to schools which develop new roles for their counselors as Community Resource Coordinators.
6. Require school systems to submit plans which specify the resources needed to update the training, recruitment, certification and continuing education of their guidance staffs.
7. Provide funds to higher education institutions that commit themselves to: recruiting minorities into counselor training programs, developing counselor training sequences which equip future practitioners with the skills needed to reach work-bound

youth and adults; entering into cooperative agreements with local business and industry for internships, exchange programs; collaborative research on the discrepancy between job readiness and actual job availability.

8. Earmark special infusions of guidance funds, resources, and facilities to schools where disadvantaged students are present in large numbers.

B. Suggestions for Research and Exemplary Activities to be Supported by the Secretary of Education through Discretionary Set-Asides

Research on Youth Employability

1. Longitudinal studies are needed on the effects of school-based counseling interventions upon disadvantaged youth; how do these compare with community-based services to the same cohort in terms of meaningful job placement and mobility?
2. Career aspirations of minority females and males should be studied to compare their (a) source, (b) their realism, (c) their feasibility, (d) their durability, and (e) their capacity for modification by certain advocates and/or systems.
3. Study is needed on the differing effects on urban, minority youth of self-contained career guidance programs and those programs which combine career guidance with other services such as education, employment, family counseling, peer counseling, community service, etc.
4. Identify the most effective delivery systems for job training, job seeking, finding, and keeping skills as they relate to youth and young adults who are handicapped, disadvantaged, or members of a racial or ethnic minority group.

5. Design research that attempts to answer the following questions:
    a. What are the factors determining an individual's chances in today's labor market?
    b. Have federal laws made an appreciable difference in hiring patterns? in actual numbers of job openings?
    c. Does the vocational education system that worked once for a white male constituency still work today for black males, white females, black females?
6. Study is needed on the relationship of guidance services to later job status of vocational graduates, liberal arts graduates, and graduates exposed to career education methods of instruction.

Exemplary and Innovative Studies and Models

1. Involve youth, particularly minority youth, in the planning, implementation and evaluation of community resource development programs. Focus could be placed on employment, consumer awareness, economics, family life, health and nutrition, housing, and transportation.
2. Establish day care centers for the infants and children of disadvantaged teenage parents. Staff these centers with counselor supervisors, with the teen-age parents serving as paraprofessionals and aides.
3. Construct an ancillary teaching/counseling staff of service industry personnel. Arrange for their regular instruction on the need for communication and interpersonal skills in today's service-oriented economy.
4. Develop work experience sites in nursing homes, area agencies for aging, hospitals, and nutrition centers.

Summary

Readying disadvantaged youth to compete successfully with their more advantaged peers for unsubsidized employment must become the long-term objective of the Education title of the subject legislation. While the companion effort launched through the LABOR title will attempt to correct for these inequities of readiness in vivo, the Administration has properly assigned a first priority to identifying and treating their root causes among the in-school population of these youth.

Research suggests that the presence of a highly competent and resourceful guidance and counseling staff in each of the targeted schools and communities can increase the power of education to address these early symptoms—well before they become the entrenched human statistic provoking the present action. Because this profession's primary concern lies with the individual, its practitioners are better able to mediate connections made by the student between the ultimately personal decision that is employability - and the academic, social, and vocational skills that make up its substance.

Counselors have learned, through first-hand experience, that minority youth unemployment - unlike youth unemployment in general - cannot be attributed solely to lack of specific job skills, work motivation, or even the ability to communicate these accomplishments to potential employers. They have also learned that they and their colleague educators will need to employ radical new approaches if the perceptions of these youth that schools are detached, if not unsympathetic learning environments - are to change. Their own proposed contributions: among them the mobilization of community resources and peer support systems, heightened family contact, the use of indigenous role models, and a completely overhauled construct of job information, readiness, exploration, search, placement, and follow-up are but a few of the essential actions education will need to take if the cycle of disadvantagement is to be arrested in mid-course.

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INFORMATION ON THE IMPLEMENTATION OF THE PRIVATE SECTOR INITIATIVE PROGRAM

U.S. DEPARTMENT OF LABOR
SECRETARY OF LABOR
WASHINGTON, D.C.

JUN 10 1980

Honorable Harrison A. Williams, Jr.
Chairman, Committee on Labor and
Human Resources
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

Because of the importance of pertinent and timely information to the decisionmaking process, we are providing for your consideration a report on the status of the Private Sector Initiative Program (PSIP), authorized under Title VII of the Comprehensive Employment and Training Act (CETA) Amendments of 1978. This will augment the information previously forwarded to you in reports concerning program activity during the last 4 months of Fiscal Year (FY) 1979 and in the followup report, which covered the period through December 31, 1979, transmitted in February of this year. As discussions on Title VII's extension and FY 1981 appropriations continue, we are confident that the information provided here will be of interest and use to you.

Increasing employment and training opportunities for the Nation's economically disadvantaged, by way of increasing the involvement of the private sector in all CETA programs, is the ultimate goal of PSIP. In order to achieve this goal, Title VII authorizes a variety of activities which have direct and indirect effects on the beneficiary population it is designed to serve. The status of the CETA system's response to the challenge of Title VII, through PSIP, is the subject of this report.

Several indicators of this response follow. One such indicator is the number of prime sponsors that now have, as of this writing, established private industry councils (PIC's) which comprise the core of PSIP: 469 PIC's have been established out of the 470 prime sponsors being tracked. Another indicator concerns the number of Title VII plans that have been executed by ETA Regional Offices: 431 Title VII plans have been executed to date. Further, of the $367 million available for formula allocation to prime sponsors with established PIC's, $330 million have been obligated, as of this writing, representing roughly 90 percent of the available funds. In addition, more than 300 prime sponsors/PIC's are currently operating programs that have enrollees on board. All of these reflect the overall commitment of the system to meeting PSIP's objectives. (See Enclosures A and B.)

Private Industry Councils have been involved in a wide range of activities. They have been designing and operating classroom and on-the-job training programs using Title VII funds; they have been involved in projects funded under other titles of CETA, including upgrading and the transitioning of public service employment participants; they have been marketing the Targeted Jobs Tax Credit; they have been active in promoting the economic development of their areas; and they have been working closely with organized labor, community-based organizations, and educational agencies. In many of their endeavors the PIC's are reaching out to serve groups with special needs, such as the handicapped, women and youth. Examples of this wide range of activity may be found in the descriptions included in Enclosure C.

In terms of the program activities being undertaken by those prime sponsors/PIC's with operational programs, a preliminary analysis of program expenditures indicates that 46.4 percent of expenditures is being used to support classroom training, 18.1 percent for on-the-job training, 15.8 percent for services to participants, 18.9 percent for other activities, and 0.8 percent for work experience and miscellaneous activities. In the five cost categories, the breakout of expenditures is as follows: training, 39.0 percent; services, 35.3 percent; allowances, 22.1 percent; wages, 2.5 percent; and fringe benefits, 1.1 percent.

Data submitted for the period ending March 31, 1980, (second quarter of FY 1980) with all but 37 prime sponsors/PIC's reporting, further indicates the level of initial activity: a cumulative total of 14,119 participants had been enrolled, a total of 10,239 enrollees were currently on board, and program expenditures were $20.0 million. Thus, new enrollments more than tripled during the second quarter compared to enrollments in the first quarter, and expenditures over the same period more than doubled as more prime sponsors/PIC's began operations.

Outlays during the second quarter of FY 1980 were 225 percent of outlays in the first quarter: $6.6 million through December 1979, $14.8 million through March 1980, for cumulative outlays of $21.4 million at the end of the second quarter. As you are aware, minor differences in outlay and expenditure levels routinely occur due to the variations in compliance with reporting instructions and to the varying accounting systems in place at the local level.

In addition to the activity at the local level, much has been accomplished at the national level to stimulate the progress of PSIP. One effort (described in more detail in Enclosure D) involves selected trade associations in reaching a sample of the country's employers with the PSIP message. Other efforts involve using the expertise of such outside groups as the AFL-CIO's Human Resources Development Institute, the National Alliance of Business (NAB), and the major public interest groups to provide technical assistance on PSIP and information to their respective constituent groups. NAB has the additional responsibility for a major marketing campaign for PSIP. A summary of the major points for this campaign may be found in Enclosure E.

Further, the interest and enthusiasm in PSIP have grown to the point where a group outside of those with which the Department has established direct relationships has formed independently to further the PSIP objectives. The National Association of Private Industry Councils was established in

December 1979 to start a mutually supportive network of PIC's across the country. The Association is designed to foster the success of PSIP by enabling PIC's to share program strategies, methodology and tools and by accessing PIC's to the national policymaking process. The Association initiated a nationwide membership campaign in the spring and at this time represents approximately one-third of the most active PIC's. Through the association's activities in its initial 6 months of operation, its members have participated in a symposium on Title VII regulatory and legislative changes, received in a timely fashion programmatic analyses of DOL policy memos, and established one-to-one communications amongst PIC program operators. Between now and the end of the fiscal year the Association will conduct three regional training symposia on Title VII program methodology and a national conference on CETA/Economic Development linkages.

A November 1979 report of the Polytechnic Institute of New York's Center for Regional Technology and Management Division offers further proof of the success of PSIP in terms of one specific private industry council's effective operations. Entitled, The Private Industry Council of New York: Reactions of the Business Community and Local Government During the Start-up Period, the report's findings are summarized in Enclosure G.

The enclosed information represents the status of PSIP and the success that has been achieved to date. I am sure that you will agree after reviewing the information that it indicates as well the potential for long-range achievement of the goals of PSIP in increasing the employment and training opportunities of the Nation's economically disadvantaged. If we may be of further assistance by providing additional information, we will be happy to respond to any future requests.

Sincerely,

Ray Marshall
Secretary of Labor

Enclosures

Enclosure A

SUMMARY OF PRIVATE SECTOR INITIATIVE PROGRAM (PSIP) ACTIVITY

Of the 470 CETA prime sponsors being tracked, 469 have established Private Industry Councils (PIC's).

More than 430 Title VII annual plans have been executed by ETA regional offices.

Of the $367 million available for formula allocation, more than $330 million have been obligated to prime sponsors/PIC's.

More than 300 prime sponsors/PIC's are now operating programs that have enrollees on board.

Preliminary analysis of program expenditures indicates the following:

Program Activities	Percent
Classroom Training	46.4
On-the-Job Training	18.1
Services to Participants	15.8
Other Activities	18.9
Work Experience, Misc.	0.8
Total	100.0

Cost Categories	
Training	39.0
Services	35.3
Allowances	22.1
Wages	2.5
Fringe Benefits	1.1
Total	100.0

As of the end of the second quarter of FY 1980 (March 31), with all but 37 prime sponsors/PIC's reporting:

A total of 14,119 participants had been enrolled

A total of 10,239 enrollees were currently on board

Program expenditures (not including administrative costs) were $20.0 million

Enclosure B

STATUS OF PSIP

REGION	EXPENDITURES *	TOTAL ENROLLMENTS	CURRENT ENROLLMENTS	PLANS APPROVED	OBLIGATIONS To Primes	OPERATIONAL PROGRAMS **
I	$1,440,690	1,242	726	26	$19,245,237	20
II	3,887,375	2,110	1,711	61	59,766,823	47
III	1,763,004	672	581	53	41,456,879	26
IV	2,126,130	2,598	1,618	67	59,383,502	45
V	4,286,233	2,739	2,214	76	37,364,391	76
VI	1,392,283	1,092	765	41	30,071,087	23
VII	905,808	1,014	565	22	13,409,906	20
VIII	196,211	129	101	17	7,948,491	13
IX	3,299,841	2,102	1,630	51	48,044,442	23
X	717,603	421	328	17	13,095,907	10
Total	$20,015,178	14,119	10,239	431	$329,786,665	303

* Program funds only. Administrative cost expenditures tracked separately.

' At least some participants enrolled.

ENCLOSURE C

Examples of Private Industry Council/ CETA Title VII Activities

Title VII Classroom Training and On-the-Job Training

- In Wichita, Kansas, a high placement rate marks the success of a sheet metal training program jointly run by SER/Jobs for Progress, Inc., and Cessna Aircraft/Wallace Division. Although Cessna made no advance commitment to hire any of the trainees, it ended up employing 86 percent of the program's 559 graduates--six percent more than SER had originally hoped to place with the company. Funded under CETA Titles IIB and VII, the program has two components: a Job Preparation Workshop to introduce the trainees to the world of work in general, and Cessna training to provide specific skills in sheet metal assembly. The Job Preparation Workshop has been identified as an important element of the program's success. Based on its performance at Cessna, SER has established an identical program with Beech Aircraft, Inc., also in Wichita.

- In Solano County, California, CETA has moved into the expanding cable television industry where formal training was needed but generally not available. Most cable firms simply took people off the street, gave them very limited one-on-one training, and put them to work. In response to the industry's need for more skilled workers, the County Department of Manpower Programs and the Private Industry Council called in Worldwide Educational Services, a firm with previous success in cable TV training on the East Coast. The result was a highly successful program to train CETA-eligible young people to be cable TV installers and technicians. Funded under CETA Title VII, the 16-week program includes both classroom and laboratory work. Despite the program's zero dropout rate, most trainees do not complete the course--not because they fail--but because cable TV firms are so eager to hire them.

- In San Diego, three competitors have joined forces to train skilled machinists to meet their growing needs. Before the program, three companies--Solar Turbine International, the Convair Division of General Dynamics, and Rohr Industries--competed with each other in a desperate nationwide search for employees. Now the joint program, funded under CETA, supplies all three with trained machinists drawn from the San Diego area. Playing a leading role is the fourth partner in this program, the International Association of Machinists and Aerospace Workers, which is the union that the three companies have in common. After extensive initial screening, those accepted into the program know that there is a job waiting for them with one of the three companies if they finish the training successfully.

- In Louisiana the PIC is working to design skill training programs which will bring younger persons into the furniture building industry. The craftsmen in this industry are primarily older workers who have not passed their skills down. Without the PIC program, the industry may have been lost to the State upon the retirement of the current workers.

- Based on its labor market survey, the Boston PIC determined that during the next two years, an estimated 3,000 new jobs will be created in Massachusetts in high technology occupational clusters, including electronic, field service and test technicians. Boston's CETA eligible population has generally been precluded from these jobs because of serious deficiencies in basic education, particularly mathematics. In order to provide adequate opportunities for Boston residents to gain access to these well paying, skilled positions, the Boston Private Industry Council designed a two-part project consisting of a job related prevocational component that serves as a feeder to an advanced skills training program. An employer work group consisting of representatives from five high technology firms has reviewed the curriculum, equipment and instructional capacity utilized in the program. Meeting regularly throughout the project, the work group provides technical assistance to the program operators and makes recommendations for modifications in course content and instructional approach to insure that the training will lead to employment opportunities.

- In Lehigh Valley, Pennsylvania, the PIC is providing funding to a skill center operated by an organization formed by three private businesses. Among other programs, the center is training diesel mechanics with the active involvement of the Mack Truck Company. The Company trained the instructors for the program, donated two trucks, valued at approximately $30,000 each, helped design the curriculum, and provided training materials. This high-skill training course runs for 50 weeks. Over 80 percent of the first graduating class has been placed.

PIC Involvement in Other CETA Titles

- In Hartford, Connecticut, the PIC has established an intermediary organization which will conduct an innovative youth employment and training model aimed at increasing the access of youth to private sector jobs. Model components include an advertising campaign aimed at area employers; "job ready" certification of youth, including bonding; job readiness training; development of entry-level job opportunities in small manufacturing firms; placement of 125 with OJT contracts and 125 under TJTC; and post employment supportive services to facilitate job performance and enhance job retention. The CETA Title IV funded project will provide the aforementioned services to disadvantaged Hartford area residents who are between 16 and 21 years of age, out-of-school, and unemployed or underemployed.

- In New York, one of the 10 balance-of-State regional PIC's is providing classroom training in machine and welding OJT trades, using Title VII money for the training and Title II funds for the enrollees' allowances. Another of the regional PIC's is using the same design for licensed practical nurse courses: Title VII for the training and Title II for the allowances.

- In Oregon, the Mid-Willamette Valley Consortium, in cooperation with the local Community College in Salem, Oregon, developed a Mobile Home Assembler Training Program utilizing Title IIB funds for participant support costs and Title VII funds for the instructional costs of the program. The local PIC set the specific placement goals and funding objectives for the program. The prime sponsor screens the trainees for eligibility. The main target group consists of persons transitioning out of State institutions into the community. The major goal of the program is to train persons to become mobile home assemblers, which includes training in the use of hand and power tools; welding; flooring; carpet laying; cabinet making; electrical wiring; plumbing; and other aspects of the construction industry.

- With the cooperation and coordination of the PIC, Broward County, Florida, Employment and Training Administration (BETA) is operating two upgrading programs--one that is upgrading electrician's helpers to the next level of proficiency and the other that is upgrading electronics assemblers to electronics technicians. As of the end of March 1980, 27 individuals were expected to have completed the electrician program. Sixty individuals are participating in the electronics program, which was developed in concert with the major electronics firms in the area, and which includes a simple system set up by BETA to track the extent of backfilling the jobs vacated by the upgraded employees with economically disadvantaged that is occurring with each employer involved.

- In Milwaukee, Wisconsin, an upgrading maintenance program for industrial employees was approved by the PIC as a demonstration program. The goal of the program is to increase the number of skilled workers available by moving workers who are in positions below their skill potential to higher-skilled, higher paying jobs, thus increasing the number of entry level jobs. The PIC authorized Foundry Cast, Inc., to run the demonstration program for a total cost of $69,289. Fifty employees of approximately 20 firms will participate in a combined training program, including 130 hours of classroom training and 65 hours of on-site training. As the upgraded employees take new jobs, CETA eligible applicants will be moved into vacated entry level jobs.

- The Boston PIC is sponsoring an upgrading program to address the problems experienced by underemployed individuals working in dead-end, high turnover jobs. Under the auspices of the J. L. Rivers Company, a curriculum has been developed to train unskilled participants to become computer programmers for commercial application. A consortium of companies is identifying prospective candidates who meet Title IIC eligibility and whose educational achievement level does not exceed twelfth grade. These entry level employees will be enrolled in a 16-week training course that includes instruction in various areas such as flow charting, computer math, systems architecture, and on-line programming.

- In York, Pennsylvania, the PIC is working with the PSE manager to provide transitional services to participants using Title VII funds, while the participants receive their salaries from CETA public service employment funds.

- The Atlanta PIC is working with the prime sponsor to establish a Public Service Employment Transition Center. The center will be housed in the offices of the Chamber of Commerce and will provide counseling and placement services for terminating PSE enrollees.

- In New York City, the PIC held a job fair at which 13 companies interviewed 150 PSE terminees. The PIC has also helped the City develop a bid for proposals for contractors to provide transition services to terminating PSE enrollees, and also participated in the review of the proposals.

- The South Bend, Indiana, PIC is teaching PSE enrollees to prepare resumes, and then is personally transmitting the resumes to private employers.

PIC Targeted Jobs Tax Credit Activities

- The San Francisco PIC is utilizing its Title VII employment generating services monies for TJTC activities. The activities include developing voucher envelopes for participants to present to prospective employers and training participants in how to present the voucher to the employer in a professional manner. The PIC is also having staff flag possible TJTC eligibles on file in the prime sponsor's Job Service office. Finally, the prime sponsor is developing an employer fact sheet that explains TJTC procedures.

- In Topeka, Kansas, a TJTC seminar was sponsored jointly by the CETA Prime Sponsor and PIC, the Job Service Center and Vocational Rehabilitation Office. Approximately 650 invitations were mailed to area employers. Individual employer representatives from 120 firms attended. In addition, over 35 employers called the prime sponsor to request TJTC information. In the thirty days following the luncheon, vouchers and certifications issued exceeded the number issued since the inception of the program.

- The Georgia Balance-of-State (BOS) Private Industry Council agreed to fund 13 TJTC positions for fiscal year 1980. The funding will enable the Georgia State Job Service to hire staff to do TJTC eligibility determinations, certifications and coordination work in Job Service local offices located in the BOS. The Georgia Job Service has non-financial agreements with all Georgia prime sponsors to act as the agent of the prime sponsors for TJTC certification.

- In Wayne County, Michigan, the PIC sponsored a tax seminar in February, put on by Arthur Anderson and Company. Another is planned in June. Wayne County also advertised TJTC in 12 metropolitan papers, sent direct mailings to 4,627 businesses and sent special letters to employers who had previous CETA experience.

- In Yakima, Washington, the PIC Coordinator and PIC members have had an ongoing program of visiting businesses to get them involved in TJTC. The PIC has brochures they have sent out on TJTC. They have just hired a full time TJTC consultant to contact businesses, voucher applicants and run a full time TJTC program for the Yakima PIC.

PIC Economic Development Activities

- In the town of Ronkonkoma in Suffolk County, New York, the ComCoach Corporation, a builder of specialized buses and other vehicles, considered moving because it could not find enough qualified workers locally to expand its operations. However, the Suffolk County PIC offered sufficient assistance to the company to enable it to remain and expand in Ronkonkoma. Under a contract with the company, CETA provided classroom training and OJT for 15 trainees in the design and fabrication of specialized vehicles. All 15 trainees were then hired by the company in jobs paying over $4.50 per hour.

- The Fall River, Massachusetts, PIC, incorporated under the name of Jobs for Fall River, has adopted as its primary mission the economic development of the Fall River area. The PIC has involved Fall River business, community and political leaders in an organized campaign to attract high technology industry to their area. As a result of the PIC's efforts, the Milton Bradley Company has opened a new division in Fall River. The PIC assisted in finding space for the company and even succeeded in encouraging the company to raise its pay scale. CETA did all the recruitment, screening, testing and TJTC eligibility certifications for the company in cooperation with the Job Service. A large percentage of the company's initial hires are WIN and CETA-eligible persons.

The Fall River PIC's revitalization campaign has also attracted the attention of EG&G, a major energy company, which has selected Fall River as a site for a $1.8 billion coal gasification plant. If all permits for the plant are approved, the plant's establishment will result in 5,000 temporary jobs and 1,000 direct permanent jobs for the Fall River area.

- In 1978, the City of Portland announced it had secured a commitment from a West German firm, Wacker-Chemie, to build a new plant in the city. The plant eventually would provide 600-1,200 jobs. In return for the provision of a building site at a very attractive price and tax advantages for the first years of the plant's operations, Wacker-Chemie signed a "First Source" Agreement with the city. This agreement gives the city the first chance to fill almost all of the jobs which open up at the new plant. The city's Training and Employment (CETA) Division is responsible for providing job candidates.

- The Mid-Willamette Valley Consortium PIC in Oregon worked along with the local community college to assist the Silpec Corporation, which chose the Mid-Willamette Valley area as the site for a new plant to supplement its California operations. The PIC and the community college developed a training program from which the entire workforce at Silpec would be trained at the local community college in a hands-on environment with instruction provided through the Silpec Corporation. The firm plans on hiring 500 employees, all of which will be fully trained in the specifics of their jobs prior to actual employment. The majority of the workforce will come from the CETA-eligible clients in the community. The Private Industry Council will pay for their training and provide them with a stipend for their training.

- With interdepartmental cooperation at the federal level, a program in Buffalo combines jobs and training with assistance to small and minority businesses. Administered by the Buffalo-Erie County Private Industry Council, with the help of a grant from the

Department of Housing and Urban Development (HUD), the program takes advantage of job and business opportunities offered by eight federally funded projects in Erie County. The agencies funding the eight projects include HUD, the Urban Mass Transportation Administration, the Economic Development Administration, and the Environmental Protection Agency. Under the employment component of the program, the PIC will negotiate written contracts with firms involved in the eight projects to fill a specified portion (generally 15 to 20 percent) of new jobs with CETA-eligible people. Each firm's willingness to participate will be considered when corporate applications for government-assisted economic development loans are evaluated. To ensure that the CETA clients have the necessary skills for the targeted jobs, the PIC will offer on-the-job or tailor-made training programs to the participating companies.

o The Ventura County PIC has initiated a program to restructure the city's transportation system in order to provide bus service to low-income residents of a barrio so that they may get to jobs located in an industrial park on the other side of town. Included in the program design will be the establishment of day care centers at key points along the new bus lines, the training of persons to staff the centers, and the training of bus drivers. Several city agencies, including the Department of Transportation, are participating with the PIC in the funding of this innovative program.

o The Lehigh Valley and Berks County, Pennsylvania, CETA prime sponsors and their PIC's, in conjunction with the Pennsylvania Departments of Commerce, Labor and Industry, and Education, have negotiated with the Adidas Company of West Germany to establish its first U. S. plant in Pennsylvania. The company will take over a closed shoe repair factory and will manufacture sneakers. It is estimated that over the next two to three years the plant will provide about 2,000 jobs for state residents. CETA will do the training for the majority of the jobs.

o The steering committee of the Mayor of New Orleans Economic Development Council serves as the nucleus of the City's Private Industry Council. This close tie-in enables the maximum use of Title VII funds for economic development activities. Major economic development activity in which CETA is involved is geared toward the shipbuilding industry. The city, through Urban Development Action Grant (UDAG) from HUD and community development funds, is revitalizing a waterfront neighborhood. A training facility is being built which will be operated by CETA to train and upgrade welders needed to work in the shipyards. In this way, the shipyards will be able to employ local residents rather than recruiting trained workers nationwide as they have done in the past.

Involvement with Organized Labor

- In Washington, D. C., an apprenticeship program to train unemployed construction laborers in other construction crafts is being co-sponsored by the PIC and the Laborers Union Joint Training Fund. The cost of the trainees' stipend of $6.00 per hour (which is so high in order to make the training more attractive than unemployment insurance benefits) is split between Title VII and union funds. The union is key in providing the training.

- A rural, pre-apprenticeship program for power plant maintenance mechanics has been established in Flagstaff, Arizona, as a result of the efforts of the AFL-CIO Human Resources Development Institute (HRDI). A contract to provide the training was negotiated between IBEW-Local 387 and the Arizona Balance-of-State PIC. HRDI is providing counseling to the PIC and the union as the program progresses. The Arizona Public Service Company has agreed to hire all the 30 trainees.

- In New Orleans the Roofers Local 171 has received Title VII funds from the PIC to train roofers. The union hopes to have women fill 80 percent of the trainees slots. The union will provide classroom training, using its own facilities and materials. It will then find employers to provide on-the-job training and hire the trainees.

- In Prince George's County, Maryland, a pre-apprenticeship program is preparing young people for jobs in the building trades by helping to rehabilitate homes for the local housing authority. Designed to qualify trainees for union apprenticeship positions, the program is run by the local

CETA agency in conjunction with the Washington Building and Construction Trades Council, the County Housing Authority, and the Human Resources Development Institute of the AFL-CIO. It has been funded by State grants and by CETA Title VII funds under the Private Sector Initiative Program. The program combines classroom instruction with on-site training involving rehabilitation work in carpentry, electrical work, plumbing, and sheet metal work. In 1979, all trainees who completed the program, 91 percent of whom were minorities, qualified for union apprenticeship.

- The Kentucky State AFL-CIO is operating a major Statewide training and job placement program for the handicapped, funded through a CETA Balance-of-State grant. The program which hopes to place 150 individuals in jobs during the first year of operation provides counseling, job restructuring assistance, job development and placement, and training, including assistance in the development of job-seeking skills. An individualized vocational rehabilitation plan is devised for each client.

PIC Involvement with Community-Based Organizations and Education Agencies

- In Ann Arbor, Michigan, there is a program designed for secretarial training utilizing the school system for secretarial skills classes and developing these skills by working in various community-based organization (CBO) offices.
- Rock County, Wisconsin, utilizes the Opportunities Industrial Council's (OIC) motivational training program for all Title VII participants.
- Minnesota Balance-of-State vocational education agencies are funding a program to produce a video tape library on both private and public training programs in their area. Coordination with other PIC's to expand in this effort is being negotiated.
- Detroit's Mary Grove College is running an assessment center for the area's Title VII participants.
- In Tacoma, Washington, the Pierce County Urban League has a classroom training/pre-apprenticeship program with American Plating, Inc. The training is in metal trades and finishing. Enrollees upon graduation will be employed by the firms throughout the area. There are approximately eight firms ready to immediately hire in the metal and finishing trades in Tacoma.

- In Vermont, the Champlain Valley Work and Training Program (CAP Agency) is providing classroom and on-the-job training activities for machinists, a high-demand occupation in the State. Title VII funds are being utilized to train and place individuals in this occupation. There are three primary businesses working with the prime sponsor and the PIC in developing and implementing this program.

- The Philadelphia PIC, in conjunction with OIC, plans to train CETA participants for electronic games repairing. This occupation has a continuous demand for qualified, trained and experienced repair persons.

Title VII Services to Special Groups

- The San Francisco PIC has funded a non-profit organization--Deaf Self Help--to provide pre-employment, job readiness training for CETA-eligible deaf persons. PIC members, the NAB metro staff and other business persons are doing individual job development to find OJT or unsubsidized employment for the participants upon the completion of the pre-employment training.

- The Boston Private Industry Council has funded Action for Boston Community Development (ABDC) to conduct a job-related prevocational training program designed to provide women and minorities with the specific academic and technical preparations needed to pass General Electric's Machine Operators Training Program (MOTP). Those who pass the exam will be selected by G.E. to enter the MOTP training program at a starting salary of $6.02 per hour. Any participant who fails the test will be placed in a related job or skills training program by ABCD.

- In Santa Barbara, the PIC is funding the expansion of a Rotary Club program to provide counseling and job development for the physically and emotionally handicapped. Through the use of a dynamic job developer, who is herself physically handicapped, and through the holding of employer awareness seminars, the program has been able to secure job commitments for the majority of its clients.

- In Chattanooga, a four-month program is preparing economically disadvantaged young women for union apprenticeship training using both Titles IIB and VII funds. The multijurisdictional Chattanooga

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Private Industry Council acted as a catalyst to get the program started. Also involved are the Chattanooga State Technical Community College, which administers the program and provides the site and building materials; two prime sponsors (Hamilton County and Chattanooga City); the local contractors association and building trades council; and the Department of Labor's Bureau of Apprenticeship and Training. While working individually under union journeymen, the trainees have a chance to sample the skills of all nine trades during the course of the program.

After a month of classroom instruction, the trainees move to the work site for three months, where they help make a campus building accessible to the handicapped. This is an added program benefit because the college could not have afforded the renovation on its own.

- The National Association on Drug Abuse Problems (NADAP) and the New York City Private Industry Council (PIC) are presently cooperating in a clerical training program whose goal is to train twenty rehabilitated ex-addicts to type at the rate of 50 words per minute and then to place them in full-time clerical positions in private industry.

Enclosure D

Trade Association Project

During 1979, the Division of Private Sector Initiatives of the U.S. Department of Labor launched a campaign to reach a sample of America's employers through selected trade associations with the PSIP message. The purpose is to sell employers on the benefits to them of becoming involved in appropriate CETA activities, with an emphasis on PSIP and the Targeted Jobs Tax Credit. The national activity includes the creation of specific advertising materials by the associations for their memberships. Each item is individualized to the industry the association represents and often contains "in-house" information and testimonials by employers who have had favorable experiences with CETA and who want to spread the news to their fellow members.

A dozen organizations are working on projects which represent a diverse marketing strategy. For example, the American Society for Personnel Administration has produced a film which answers questions ASPA members submitted concerning PSIP. Another project created by the National Association of Spanish Broadcasters features a national radio and television campaign to reach Hispanic employers. A slide presentation will be shown in 60 cities to Hispanic civic organizations. The National Newspaper Association printed a tabloid insert to their publication, "Publisher's Auxiliary," which is sent bi-weekly to 7,500 newspapers. The insert was entitled, "Private Sector News," and featured stories suitable for reprinting.

Women who have new businesses or are interested in expanding their operations will attend special meetings conducted by the National Association of Women Business Owners (NAWBO) in 11 major cities. The NAWBO chapters will also invite local civic groups to attend and view an audio-visual presentation produced by a NAWBO member business owner. Other active organizations involved in the marketing campaign include large sponsors such as the U.S. Chamber of Commerce and the National Association of Manufacturers. Smaller groups such as the National Association of Truck Stop Operators and the National Association of Black Manufacturers are also involved.

During the summer and fall of 1980, the program will be expanded into a broader-based mass-marketing campaign to reach all 7,500 associations. This expansion effort will be conducted by the National Alliance of Business under contract to the Department.

Enclosure E

PSIP MARKETING SUMMARY

The purpose is to sell businesses on the benefits to them of becoming involved in appropriate CETA activities, with emphasis on PSIP and TJTC.

The management of the task is to contract the activity to NAB with close oversight provided by a DOL/NAB working committee and advice and input provided by a technical advisory committee.

The level and structure of NAB staff working on PSIP marketing has been specified with the majority of the activity being subcontracted to advertising and public relations firms.

The activity will emphasize the provision of core materials and marketing approaches and assistance to local prime sponsors and PIC's, supplemented and reinforced by national level activity.

The local core marketing materials include items such as posters, brochures, press kits, training on how to market and one-on-one assistance on how to use the specific materials and address local marketing concerns.

The national activity includes advertisements and articles in business press combined with comprehensive coverage by national trade associations.

TJTC will be thoroughly integrated into the marketing materials; in addition, specific activities explaining TJTC will take place with tax advisors and their national organizations.

The target audiences for both levels of the campaign, local and national, are past CETA users and small and medium sized businesses.

ENCLOSURE F

TECHNICAL ASSISTANCE ACTIVITIES

Public Interest Groups. In addition to NAB and HRDI, the major public interest groups are being funded to provide technical assistance on PSIP and information to their respective constituent groups:

- National Association of Counties
- National Governors' Association
- National League of Cities
- U. S. Conference of Mayors

Publicity Materials. As a new program, PSIP has the dual task of publicizing itself as a newly-created tool in the CETA arsenal of employment and training programs, and publicizing CETA as a beneficial program to the private sector. In order to accomplish this task, attractive and informative materials which stress the benefits and ease of dealing with CETA programs are being developed. Such materials include:

- A film directed at employers;
- Brochure on PSIP highlights;*
- Reprint of "Federal Hiring Incentives;"
- Reprint of Vocational Foundation newsletter on Private Sector Programs;*
- Poster on the PSIP program;
- A booklet explaining various PIC arrangements;
- A pamphlet advertising various coordination approaches, such as integration of TJTC with PSIP, coordination of JSEC committees with PIC's;
- A pamphlet advertising the "spotlight sites;"
- A slide presentation on PSIP potential program designs;
- Revised fact sheet on PSIP status;*
- "Oak Ridge TAT: a success in the private sector;"*

* Currently Available

- A brochure advertising rural economic development linkages;
- A leaflet contrasting old private sector approaches with those new ones under PSIP;
- A pamphlet advertising impact of PSIP on other CETA programs;
- A brochure on Small Business Internship Programs;
- A pamphlet on entrepreneurship - self employment training;
- A pamphlet on self-directed job search;
- A "magazine" of articles on PSIP;
- Miscellaneous articles for outside publications.*

Technical Assistance Guides.

Including ones on:

- New Business Look in CETA;*
- OJT
- Marketing
- Union-Sponsored Training
- Supervisory Awareness Training
- Upgrading

* Currently Available

Enclosure G

Polytechnic
Institute
of New York

THE PRIVATE INDUSTRY COUNCIL OF NEW YORK CITY: REACTIONS OF THE BUSINESS COMMUNITY AND LOCAL GOVERNMENT DURING THE START-UP PERIOD

A Study Prepared for the
ROCKEFELLER BROTHERS FUND

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SUMMARY OF FINDINGS

The Private Industry Council (PIC) of New York City and hundreds of others across the nation were set up as a result of the 1978 amendments (Title VII) to the Comprehensive Employment Training Act (CETA). The purpose of the PICs was to initiate programs in the private sector to employ workers enrolled in the CETA program. The Polytechnic Institute supported by a grant from the Rockefeller Brothers' Fund, studied the attitudes of the private sector towards client-employers towards New York PIC during its start-up period, May through October 1979.

Goals

The major goals of this study were:

> To enable New York PIC to see its own image through the eyes of its clients.
>
> To be able to identify the process by which attitudes are formed within each community.
>
> To establish a baseline profile of attitudes during the start-up period which can act as a reference point for future studies.

It is important to consider that this study was designed to explore the proper methodology for determining and assessing client-employer attitudes towards the PIC operations and program. The methodology developed during this project will allow for the sophisticated analysis of other such operations.

Objectives

The specific objectives are in themselves the real core of this work. These objectives are:

1. To isolate the important criteria which determine the client-employer's satisfaction with the program.
2. To define attitudes for the clients' first line supervisors and their staff contact responsible for their relationship with PIC, regarding satisfaction for each of the 25 questionnaire variables.
3. Of the 25 variable criteria identified in this study, to determine the impact of each upon the others.
4. To select the 4 or 5 variables (of the 25) that are the most important in determining the client-employer satisfaction with the program.

The successful attainment of these specific objectives would enable PIC to concentrate on those program delivery elements that have the most significant impact on their clients.

Questionnaire Results

In order to both identify the variables and to isolate the 4-5 most important ones, a questionnaire was designed and sent to each of the participating client-employers. Of these 41 companies, 65% of the trainees were on the job for 3 months or less and 30% were on the job 6 months or more. The following is a synopsis of the results of this questionnaire:

1. There was an overwhelmingly positive reaction to the PIC service delivery (a predisposition to a positive image).
2. A strong majority of the employers feel that 75% or more of the trainees will enjoy a long term relationship.
3. Employers felt the most important criteria for selecting trainees to be: (a) a positive work attitude i.e. reporting on time, trust-worthiness, and a positive outlook; (b) a good general learning ability.

4. All employers reported being satisfied with trainee attitude with 43% being extremely satisfied.

5. All client-employers were satisfied and 65% extremely satisfied with the PIC program.

6. 86% of client-employers plan to use PIC again.

7. 62% of client-employers indicate complete satisfaction with PIC's ability to satisfy their needs.

Conclusions:

These general conclusions are drawn from the interviews, questionnaires, and personal interpretation by the principal investigator.

> There is an overwhelming positive attitude being formed by all 41 client-employer contracts with PIC during its start-up period, June 1979.
>
> The principal investigator has formed the impression that the PIC professional staff competence and enthusiasm might have determined (as one of the key variables) the overwhelmingly positive attitudes of client-employers reflected in this report.
>
> The isolation of key service delivery variables which determine positive attitudes of client-employers was not achieved due to statistically small number of contracts during the start-up period. The computer program made for this questionnaire is de-bugged and in-place awaiting the input of a larger sample.

REPORT MEL 80- 02
Grant No. 24-39-79-01

A FORMATIVE EVALUATION OF THE PRIVATE SECTOR INITIATIVE PROGRAM

Report No. 3

JANUARY 1980

PREPARED FOR
Office of Program Evaluation
Employment and Training Administration
U.S. Department of Labor
Washington, D.C. 20213

PREPARED BY
The Ohio State University
Mershon Center CETA Study
Columbus, Ohio 43201

This report was prepared under a grant from the Office of Program Evaluation of the Employment and Training Administration, U.S. Department of Labor. Organizations undertaking such projects under government sponsorship are encouraged to state their findings and express their judgments freely. Therefore, points of view or opinions stated do not necessarily represent the official position of the Department of Labor.

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PREFATORY NOTE

This is the third report in a series that focuses on the early stages of the emergence of the Private Sector Initiative Program (Title VII of the Comprehensive Employment and Training Act as amended in 1978). The study focuses on issues such as 1) strategies used by prime sponsorships for increasing private sector involvement; 2) the formation and role of Private Industry Councils; 3) the nature of programs planned and implemented; and 4) the nature of individuals targeted and served.

This project is supported by a grant from the Office of Program Evaluation of the Employment and Training Administration of the U. S. Department of Labor (24-39-79-01) and by resources of the Mershon Center of The Ohio State University. The research is conducted by members of the Ohio State University CETA Study-Director: Randall B. Ripley; Associate Director: Grace A. Franklin; Project Associates: Donald C. Baumer (Smith College), David S. Ford (Rutgers University), Debra S. Gross-Sidlow, William J. Lydon, Michael G. O'Loughlin, Patrick E. Shields, Lance M. Smith, William C. Strangfeld, Carl E. Van Horn (Eagleton Institute, Rutgers University), and John A. Wichita; Support Staff: Gilbert B. Murphy, Linda Roberts, and Robert J. Van Der Velde.

The Director, Associate Director, and Project Associates are engaged in continuing field work in 25 prime sponsorships throughout the United States. Some interviews are also conducted from time to time with representatives of national governmental and private organizations in Washington, D.C.

The first report from the project was numbered MCL 79-14 and dated May, 1979. The second report was numbered MCL 79-21 and dated October, 1979.

We are grateful to many individuals in our 25 sites and also to many ETA employees and representatives of a variety of Washington-based national organizations for their splendid cooperation. Many have participated in long interviews. Others have provided other kinds of essential data.

SUMMARY

This report describes and explains the status of the implementation of the Private Sector Initiative Program at the end of calendar 1979. It is based primarily on extensive recurring field work conducted in 25 prime sponsorships throughout 1979. The most recent field work was conducted between late October and mid-December.

Status of Local Implementation

1. Prime sponsorships and PICs have generated a very wide range of their own goals. These goals have become more realistic during the course of 1979. Process goals are the most explicit and well-developed: 1) to create a functioning PIC; 2) to create some form of staff support for that PIC; and 3) to get "good" private sector participation in the program. Substantive goals at the local level are very general: 1) to increase placements in the private sector; and 2) to increase the degree of fit between training for which CETA dollars are spent and real private sector needs.

2. PICs have been formed and are functioning in 24 of our 25 sites. About 70% of them were active and important in the sense of having undertaken a moderate or high degree of concrete planning for PSIP activities and programs and making at least some binding decisions about the shape of the program or the processes by which program decisions would be made. The dominant agenda items tended to be those of orientation, housekeeping, and status. Six of the 24 PICs chose to incorporate. Incorporation thus far has had no observable programmatic consequences. Six of the sites entered multijurisdictional PICs. The programmatic consequences of this development, if any, have not emerged.

3. About half of the PICs have an independent staff; the other half are staffed by individuals from the regular CETA staff. In two-thirds of all cases PSIP has proceeded in a general atmosphere of harmony and cooperation between the regular CETA operation, the PIC, and the staff assigned to the PIC. In only four cases of the other one-third has the tension present demonstrably slowed down the emergence of programs. Tension, where present, thus far stems from questions of "turf" or the symbols of control, autonomy, and independence rather than from differing programmatic priorities. Tension is not necessarily permanent but can be relieved by various specific actions.

4. Specific strategies for attracting business to PSIP programs have developed very slowly. Local business organizations have played important roles in helping PSIP get started and in the early decision-making of the PIC in slightly more than half of the 25 cases.

5. The extent of the involvement of local organized labor in PSIP thus far is limited. In only two cases has the local prime sponsorship developed a concrete strategy for involving organized labor programmatically. Thus far local representatives of organized labor have been content with a marginal role focused primarily on serving as a "watchdog" on the PIC. Early signs of

increased interest have appeared, however, in five sites in addition to the two where the prime sponsorship has already generated interest.

6. Thus far local actors other than CETA staff, PIC members, and PIC staff have been of only peripheral importance.

7. In about three-quarters of our sites at least a moderate degree of concrete planning for PSIP activities and programs has taken place in the PIC or CETA staff or both. In about 60% of the sites relatively firm decisions have been made about program mix, service deliverers (at least the process by which they will be chosen), target groups for service, the intake system, and program marketing techniques. Five sites have laid solid ground work that will allow them to achieve genuine links between PSIP and economic development. A few others are talking about such links or taking early steps to create them.

Five of the 25 prime sponsorships had at least one of their programs designed for participants operational before the end of 1979. Another dozen sites seem poised to begin program operations sometime before March 31, 1980. The remaining sites are still some time away from operating programs.

8. Local actors pointed to various aspects of the performance and quality of the PIC and/or its staff as the primary PSIP accomplishment to date. Problems most frequently cited were 1) PIC-CETA staff tension; 2) slowness in moving toward operational programs; and 3) weaknesses in the PIC and its functioning.

Policy Implications

1. We observed no widespread or persistent problems that would necessitate or justify major changes in PSIP at the national level-- either by statute or by regulation. The jury is still out-- and will be for some time-- on the programmatic impact of PSIP, with neither complete pessimism nor unrealistic optimism warranted by experience to date. Suspended judgment and close continuing observation by both Congress and the Department of Labor seem appropriate.

2. Most of our sites spent most of their efforts in the first year in some form of institution-building. This activity is necessary if PSIP is to have a chance at achieving programmatic impacts different from those of regular CETA programs. The time taken for this activity helps explain the modest pace of concrete local programmatic decisions and the timetable for the beginning of operations. The substantial amount of movement on PSIP also needs to be understood in the context of a number of factors militating against any but the slowest and most pro forma movement.

3. The Department of Labor should take some care not to oversell PSIP and what it might achieve. This could create a set of unrealistic expectations that foreordain a judgment of "failure" on the program, a judgment that might not ultimately be warranted in light of real achievements less impressive than the unrealistic expectations would demand.

4. It seems wise for DOL to proceed rapidly to establish the process for arriving at criteria by which PSIP performance will be judged.

5. Because many programs are beginning in mid-FY 80, DOL ought to ponder the costs and benefits of staying with the previously announced policy of restricting PSIP carryover from FY 80 to FY 81 to 25% of the funds.

6. DOL might want to reconsider the wisdom of retaining the stringent eligibility requirements for all participants under Title VII that make upgrading almost impossible to undertake.

7. DOL might provide helpful technical assistance by publicizing suggested uses for money allocated to employment-generating activities and by publicizing arrangements and approaches that seem to have some promise for effectively coordinating Target Jobs Tax Credit with PSIP initiatives.

Making The Connections:

- Private Industry Councils, a new direction for CETA.
- A study of the early experience of 12 Private Industry Councils.

P/PV
The Corporation for Public Private Ventures

About P/PV

Public/Private Ventures is a non-profit corporation founded in late 1977 out of the conviction that the economic and social well-being of our society requires creative collaboration between the public and private sectors. The mission of the Corporation is to develop strategies that combine the resources of both sectors to address a variety of vexing social problems.

Public/Private Ventures, whose work is supported by both private and government funding, has the capacity to develop and manage innovative programs, conduct research, analyze complex issues of public policy, and provide technical assistance and assessment.

P/PV is a rich source of information on private-sector involvement in employment and training programs for the disadvantaged. Its Resource Center has identified a wide range of programs and strategies. Useful information about effective efforts is disseminated through case studies, reports, and guides. For more information about P/PV publications or technical assistance, contact: The Resource Center, Public/Private Ventures, 1726 Cherry Street, Philadelphia, PA 19103. (215) 564-4815.

P/PV

MAKING THE CONNECTIONS:
Private Industry Councils,
A New Direction for CETA

- - -

A Study of the Early Experience
Of
Twelve Private Industry Councils

- - -

YEAR 2 REPORT
Private Sector Initiatives Program
(PSIP) Documentation Project

- - -

The Corporation for Public/Private Ventures
1726 Cherry Street
Philadelphia, Pennsylvania 19103

February, 1980

"Title VII is the vehicle for making the word 'comprehensive' in CETA /the Comprehensive Employment and Training Act7 a reality by increasing the participation of business in implementing employment and training programs. It is inconceivable that we would continue to spend about $10 billion per year on this kind of activity without this /from business7 input. Public Service Employment will not dominate CETA the way it has in the past. The future of CETA is inextricably attached to how effective the Private Sector Initiative Program is in bringing about a more balanced effort in solving the nation's unemployment problems."

--John Stetson, Chief
Division of Private Sector Initiative
U.S. Department of Labor

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A - Biographies of Researchers
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FOREWORD

This report covers the evolution of Private Industry Councils in twelve locations and at the national level during 1979. This documentation, part of a continuing P/PV study, builds upon earlier P/PV work, begun in 1978, that tracks the implementation of these Councils at twelve representative sites. The 1978 research resulted in reports on each site and a summary as of the Fall, 1978.

The locations covered in the present study are:

Atlanta, GA
Boston, MA
Broward County, FL
Cincinnati, OH
Denver, CO
Detroit, MI
El Paso, TX
King Snohomish Manpower Consortium, WA
Los Angeles, CA
New York, NY
Stanislaus County, CA
Suffolk County, NY

Except for New York and Denver, these locations were all included in the 1978 study. The twelve sites studied in 1979 have combined Title VII allocations for FY 79-80 of about $37 million, or 9.3% of the total national allocations for the same period.

The current study has been funded by a grant from the Rockefeller Foundation. Earlier work in 1978 was funded by the U.S. Department of Labor, the Edna McConnell Clark Foundation, and the Taconic Foundation.

The support and encouragement of these funding sources is gratefully acknowledged. The findings and conclusions are those of P/PV.

Advisory Committee

Design and execution of this study have benefited greatly from many helpful contributions of the Advisory Committee, which has worked with P/PV over the past year. Members of the Committee have made many useful suggestions and criticisms, both as individuals and as a group. The Committee reviewed a draft of the Fall 1979 Issues and Options Interim Report published as a result of the study, and also reviewed a draft of this report. We gratefully acknowledge their interest and assistance, but accept full responsibility ourselves for the findings and conclusions.

Members of the committee are:

Vernon Briggs, Jr., Cornell University
Gary Eiben, National Alliance of Business
Michael McMillan & Jane McDonald, Human Resources Development Institute, AFL-CIO
Melvin Mister, U.S. Conference of Mayors
Frank Schiff, Committee for Economic Development
Rebecca Sweeney, U.S. Department of Labor
Geoffrey Trego, Sr., & Phyllis Dawson, National Association of Counties
Millicent W. Woods, formerly Associate Director, U.S. Chamber of Commerce; currently Executive Director, National Association of Private Industry Councils

Methodology and Credits

Except for New York City and Denver, which were studied only in 1979, each of the participating localities was visited a total of six times, at three-month intervals, by P/PV field researchers. New York and Denver were visited four times each. The field researchers spent two to four days in each site on the quarterly visits.*

The basic method of obtaining information was through interviews of participants in the study communities. These included representatives of both the prime sponsor and local government, and the PIC leadership and members, including representatives of mandatory groups such as labor and CBOs, as well as representatives of business, industry and community groups. Copies of the study design and format, Appendix B, and a full listing of all interviews conducted by reporters, Appendix C, are available upon request.

The 1979 study was designed and coordinated by Thomas Seessel, who was also field researcher for three study sites and principal author of this report. Other field researchers in 1979 have been Gerry Hancock, Natalie Jaffee and Starry Krueger. Natalie Jaffe was also principal author of the Fall, 1978, Summary Report and of the Issues and Options report published in the Fall of 1979. Background research for Chapter 2 on previous efforts at involving the private sector and on business attitudes toward CETA was done principally by Mary Nathan.

Janet Piggott assisted in numerous ways compiling and organizing information and in coordinating preparation of this report.

*The final site visit to Stanislaus County, scheduled for December, 1979, was cancelled at the request of the prime sponsor who felt that a visit would exacerbate bad feelings generated by DOL's turn-down of one of its PIC's first proposals under Title VII. Update information was obtained by telephone interviews in December.

Biographies of the researchers may be found in Appendix A.

P/PV staff responsible for the final production of this report are: Michael Bailin, Vice President; May Long, Project Director, Resource Center; Susan R. Behr and Adina Newberg, Research Associates; and Lorraine Mobley, Administrative Assistant. Mary Huhn provided invaluable assistance in the editing. Final typing was done by Mary Lovell.

Acknowledgements

The twelve prime-sponsor jurisdictions which voluntarily extended their hospitality and cooperation to the study receive our special thanks. To their associates and colleagues in the PIC program we also extend our appreciation for helping us collect information and develop insights. The DOL's Office of Community Employment Programs has been a constant source of information, guidance, and assistance. Staff member of the Labor and Education and Human Resources Committees of the U.S. Senate and House of Representatives, and of the Appropriations Subcommittees, helped provide the legislative perspective. Representatives of the National Alliance of Business, HRDI AFL-CIO, the United States Chamber of Commerce, the United States Conference of Mayors, League of Cities, the Conference Board, and the Committee of Economic Development were unfailingly forthcoming with information and assistance. To all of these we extend our thanks.

Site Information

A table summarizing basic information about the study PICs is found at the end of the report. For those who wish more detailed information, site profiles of each of the study PICs are available upon request, Appendix D.

EXECUTIVE SUMMARY

The Private Sector Initiative Program (PSIP) recommended by the President and authorized by the Congress in late 1978 is a new Federal initiative to redirect the decentralized CETA program towards closer and more systematic connections with private-sector employment. A two-year demonstration, PSIP was created at a time of widespread dissatisfaction with Federal efforts to employ and train the unemployed. This dissatisfaction was based in part on the predominant role of public-service employment in CETA programs, to the relative neglect of placement of the disadvantaged in unsubsidized private employment.

Private Industry Councils

The PSIP, enacted as Title VII of CETA, calls for creation of Private Industry Councils in each of the nation's 473 state and local jurisdictions containing a CETA prime sponsor. These Private Industry Councils (PICs) are designed as local partnerships between the public and private sectors to promote increased private hiring of the disadvantaged. PICs have a majority representation from business and industry, including small and minority businesses. Organized labor, community-based organizations and educational institutions are also represented. PICs can take a number of different forms suited to local conditions and can sponsor a wide variety of programs and activities to carry out their mission. A significant departure from earlier employment and training programs is that under Title VII public funds can be spent only upon agreement between PIC members representing the public and private sectors.

Previous Efforts

The PSIP is not the first Federal initiative to involve private enterprise in training and hiring the structurally unemployed. Beginning with the MDTA in 1962, there have been many such initiatives. NAB-JOBs of the late 1960s - early 1970's, OJT, STIP, and HIRE are examples. There are three recurrent themes running through these earlier programs:

.Private-employer insistence on candidates being "job ready" in the sense of having positive attitudes toward work.

.Business' wish to minimize its involvement with government red tape, oversight, and regulations.

.Absence of permanent institutions at the local level to nurture and sustain public/private partnerships for employing the disadvantaged.

In one way or another, the early history of PSIP has sought to address these issues. Creation of local PICs is a direct response to the third item mentioned above, and key functions of PICs include finding workable answers to the others.

Legislative History of PSIP

Nationally, business organizations such as the Committee for Economic Development, NAB, the Chamber of Commerce, and the Business Roundtable supported the Presidential initiative to create a demonstration private-sector program. Organized labor supported it but wanted assurances that the program would not be used improperly to undercut labor's interests, such as its concern about displacement of the already-employed. Public-interest groups, representing local government, and CETA prime sponsors raised serious concerns generally reflecting fears that local governmental primacy and autonomy in the CETA system would be undermined by creation of quasi-independent PICs. The program that ultimately emerged as Title VII struck a reasonable balance among contending interests, and left substantial flexibility for localities to organize themselves and set priorities to meet local conditions. An important principle which remained intact was majority control of PICs by business and industry.

Scope of Study

This report is the product of a study of twelve PICs in their developmental period since mid-1978, and of national-level activities and policies during the same time. Nine of the twelve PICs are in large, urbanized sponsorship jurisdictions. The twelve PICs studied account for 9.3% of the national total allocations for Title VII in FY 1979-'80. Ten of the twelve study PICs were among the 34 sites selected by DOL for early pilot efforts in May, 1978, prior to enactment of Title VII six months later. The twelve sites studied in 1979 are:

Atlanta, GA
Boston, MA
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Cincinnati, OH
Denver, Co
Detroit, MI
El Paso, TX
King Snohomish Manpower Consortium, WA
Los Angeles, CA
New York, NY
Stanislaus County, CA
Suffolk County, NY

PIC Activities

PICs are taking a variety of forms and occupying different niches in the local employment and training arenas. Some are purely advisory, others are taking the initiative in planning new programs, and others are separate nonprofit corporations operating training programs. There are many gradations in between. PIC projects also span a wide variety, ranging from labor-market surveys to operation of an Employment Transition Center. Some have assumed and expanded portions of STIP or Title II-B programs. Some have formed consortia of small or medium-sized businesses to design and conduct skill training and hire successful graduates. In relation to pre-existing employment and training activities, most PICs are breaking new ground with respect to participating industries, occupations, or training methods.

Leadership

Business firms with important local economic roles are playing a prominent part in the study PICs. Leadership includes small and medium-sized businesses, especially where enterprises of these sizes dominate the area. Without prime-sponsor commitment and cooperation, however, business and industry cannot move the program very far.

Major Conclusions of the Study

.The seeds of PIC institutional development have taken root at most of the study sites. At these sites, the forging of local public/private partnerships is underway.

.Programming is just beginning, so there are no "hard results" to report.

.No particular PIC format seems to be more "successful" than others. Format may be less important than the intangibles such as: cohesiveness of the PIC body; relationships among PIC, local government, and prime sponsor; usefulness of the projects sponsored by PIC; and cooperative leadership on both the public and private sides of the manpower table.

.Flexibility in the Title VII regulations to permit PICs to evolve in ways suitable to local circumstances has been extremely important. This regulatory posture has fostered experimentation in keeping with the "R-and-D" demonstration character of Title VII.

.Most of the study PICs have not to any large extent begun to influence non-Title VII portions of CETA.

.Some level of activity beyond reactive advice is important to establish PICs' position and give them a positive role in local manpower efforts. PICs which do not engage in active program development or sponsorship seem likely not to gain much influence in the system. At the other extreme, heavy involvement in conducting programs exposes PICs to the danger of losing an R-and-D focus.

Policy Implications

.Extension of the demonstration through 1982, as recommended in the President's Budget, will usefully permit more time to further develop and test the concept.

.Continued separate funding through Title VII will give PICs the needed flexibility to develop without premature reliance on other CETA titles and the potentially destructive competition to which such a condition might lead.

.A wide range of technical assistance, suited to different needs in different localities, should be available.

.Policy could recognize the fact of varying degrees of development potential among the 473 prime sponsorships by concentrating funding and assistance on those PICs with the strongest possibility of maturing into broadly effective local institutions. Movement away from a strict formula as the basis for allocating Title VII funds would help accomplish this goal.

.Any tendency to begin confining Title VII programs to narrow categories ought to be strongly resisted during the extended demonstration.

CORPORATION FOR PUBLIC/PRIVATE VENTURES

March 10, 1980

Senator Gaylord Nelson,
Chairman, Subcommittee on Employment,
Poverty and Migratory Labor
Senate Office Building, Annex 3
Washington, D. C.

Dear Senator Nelson:

Public/Private Ventures is an independent, non-profit corporation established to effect collaboration between the public and private sectors in addressing complex social and economic policy issues. Since its founding in late 1977, its primary focus has been the development of strategies for private sector involvement in the training and employment of the disadvantaged, particularly minority youth.

Enclosed is an advance copy of the Executive Summary of our latest Private Industry Council (PIC) documentation study report, Making the Connections: Private Industry Councils, a new direction for CETA. This is one of several analyses we have prepared since our 12-site study was launched in the summer of 1978. With the support of several private foundations, our documentation project will continue through 1981.

We hope you will find the recommendations and findings useful as you consider reauthorization of CETA Title VII. If you think it would be helpful, we would be pleased to present testimony before your committee at the appropriate time.

If you would like to discuss our report further, please feel free to get in touch. A copy of the full report will be sent to you when it is available — within the next couple of weeks.

Sincerely,

Michael Bailin

Michael Bailin
Vice President

MB/lfm
Enclosure

1726 Cherry Street • Philadelphia, Pa. 19103 • (2[illegible]) 564-4815

MAKING THE CONNECTIONS:
Private Industry Councils,
A New Direction for CETA

- - -

A Study of the Early Experience
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graduates. In relation to pre-existing employment and training activities, most PICs are breaking new ground with respect to participating industries, occupations, or training methods.

Leadership

Business firms with important local economic roles are playing a prominent part in the study PICs. Leadership includes small and medium-sized businesses, especially where enterprises of these sizes dominate the area. Without prime-sponsor commitment and cooperation, however, business and industry cannot move the program very far.

Major Conclusions of the Study

.The seeds of PIC institutional development have taken root at most of the study sites. At these sites, the forging of local public/private partnerships is underway.

.Programming is just beginning, so there are no "hard results" to report.

.No particular PIC format seems to be more "successful" than others. Format may be less important than the intangibles such as: cohesiveness of the PIC body; relationships among PIC, local government, and prime sponsor; usefulness of the projects sponsored by PIC; and cooperative leadership on both the public and private sides of the manpower table.

.Flexibility in the Title VII regulations to permit PICs to evolve in ways suitable to local circumstances has been extremely important. This regulatory posture has fostered experimentation in keeping with the "R-and-D" demonstration character of Title VII.

.Most of the study PICs have not to any large extent begun to influence non-Title VII portions of CETA.

.Some level of activity beyond reactive advice is important to establish PICs' position and give them a positive role in local manpower efforts. PICs which do not engage in active program development or sponsorhsip seem likely not to gain much influence in the system. At the other extreme, heavy involvement in conducting programs exposes PICs to the danger of losing an R-and-D focus.

Policy Implications

.Extension of the demonstration through 1982, as recommended in the President's Budget, will usefully permit more time to further develop and test the concept.

.Continued separate funding through Title VII will give PICs the needed flexibility to develop without premature reliance on other CETA titles and the potentially destructive competition to which such a condition might lead.

.A wide range of technical assistance, suited to different needs in different localities, should be available.

.Policy could recognize the fact of varying degrees of development potential among the 473 prime sponsorships by concentrating funding and assistance on those PICs with the strongest possibility of maturing into broadly effective local institutions. Movement away from a strict formula as the basis for allocating Title VII funds would help accomplish this goal.

.Any tendency to begin confining Title VII programs to narrow categories ought to be strongly resisted during the extended demonstration.

Senator NELSON. Thank you very much. This hearing will now stand adjourned.

[Whereupon, the subcommittee adjourned.]

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